MEDICAL AUSTRALIA LIMITED

A.B.N. 30 096 048 912

ANNUAL REPORT

FOR THE YEAR ENDED

30 JUNE 2017

CORPORATE DIRECTORY

DIRECTORS

Mr. Bruce Hancox (Chairman)

Dr. Geoff Cumming

Mr. Ian Mitchell

Mr. Darryl Ellis (appointed 28 November 2016)

COMPANY SECRETARY

Mr. Ian Mitchell

REGISTERED OFFICE

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AUDITORS

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OPERATING AND FINANCIAL REVIEW

Chief Executive Officer's Review

Disclosure of Operations

Medical Australia Limited 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 & Laboratory equipment and, Infection Control.

Disclosure of Operations – Profit

The Company reports for the financial year ended 30 June 2017 a net profit for continuing operations after tax attributable to members of $406,615 compared to a profit of $411,758 in the previous year. The total loss reported by the Company for total operations in the previous financial year was $4,838,263 and included losses and write downs associated with the divestment of the animal health business.

Disclosure of Financial position

The Company's financial position has continued to strengthen following the strategic decisions taken last year, with cash increasing by $686,875 to $1.55m and working capital by $470,605 to $3.34m. Receivables, inventory and creditors remain well managed, contributing to the sound financial position of the business at 30 June 2017. There have been no changes to the Company's capital structure in the year, nor any corporate transactions. A post balance date announcement concerning the future ownership of the Company is discussed below.

Disclosure of Operations – Corporate Activities

The Company's on-going business has maintained its steady growth over the last few years and has increased revenues by 5.9% to $13,155,956 for financial year 2017. All three divisions of the company recorded growth over the prior year with TUTA Direct growing by a modest 3.7%; OEM sales were 12.0% higher, whilst Clements grew by 13.0% with the addition of the ARDO Breast Pump range.

The subdued growth in the TUTA Direct business is a reflection of increasing price competition across all market segments and, particularly impacted by the awarding of state government contracts in both Queensland and Victoria. The growth in sourced products was less than anticipated, with DualCap® failing to deliver on its early promise.

The OEM business achieved double digit growth on the back of increased sales to both Terumo and CareFusion, however, as reported in February, CareFusion chose not renew their contract for supply of product beyond May of this year. This represents a revenue loss of in excess of $1.6m going into the new financial year. It also should be noted that the associated negative impact on gross margin is significant and, given the low level of overheads attributed to this business, the impact on profit is greater.

The growth in the Clements business was entirely driven by the successful launch of the ARDO range. Sales in the established Clements device business were slightly down as a result of stiff price competition in Asia and delays in the launch of new, lower cost substitutes.

Overall Gross Profit improved by 130 basis points owing to a combination of effective foreign exchange management strategies; supplier support; and, product redesign initiatives.

Overheads continue to be tightly managed in line with the Company's growth strategy. The increase in advertising and marketing reflects the Company's increased participation in business relevant trade shows and exhibitions and, in particular, the level of promotional support required as we entered into the breast pump market with ARDO. The growth in Employee Benefits is largely as a result of the rebuilding of the sales team as is the growth in Travel and Accommodation.

Business strategies and prospects for future financial years

Despite having recorded strong growth and finishing the year with a strengthened Balance Sheet the Company faces a substantial challenge to replace the lost revenue and associated margin of the CareFusion business. At this stage, this does not seem possible in the OEM market segment and will have to be won in the other areas of the business.

The Company has well developed plans to continue to leverage the successful introduction of the ARDO range. The work to drive down the costs of the Clements range continues and, will begin to deliver benefits in the latter part of calendar 2017. TUTA Direct will continue to be the Company's main focus with the challenge to win market share in a highly competitive market.

As reported on 10th August 2017, the Company entered in a Scheme Implementation Agreement under which it is proposed that ICU Medical Inc. will acquire all of the ordinary shares of the Company, at a price of $0.086 per share, by way of a Scheme of Arrangement.

Subject to the completion of an Independent Expert's Report concluding that the scheme is in the best interests of the Company's shareholders, MLA's Board unanimously recommends the scheme, and that all MLA shareholders vote in favour of the scheme, in the absence of a better proposal. At the time of this report, no such proposal has been received.

Notwithstanding the ICU offer, the Company remains focussed on delivering the superior outcomes for healthcare professionals and their patients and, working assiduously to deliver meaningful gains to our shareholders.

MLA looks forward to updating shareholders on its progress and reporting on any other material developments as they occur.

27th day of September 2017

Darryl Ellis

Chief Executive Officer

DIRECTORS' REPORT

Your Directors have pleasure in presenting their report on the consolidated entity for the financial year ended 30 June 2017.

Directors

Directors of the Company holding office at any time during or since the financial year are:

Bruce Hancox	Appointed 12 February 2014 – Chairman from 6 November 2014
Dr Geoff Cumming	Appointed 23 January 2009
Ian Mitchell	Appointed 6 November 2008
Darryl Ellis	Appointed 28 November 2016

Bruce Hancox – Independent Non-Executive Chairman

Mr. Hancox has had a long and distinguished career in business in Australia and New Zealand. He was for many years involved with Brierley Investments as General Manager, Group Chief Executive and Chairman. He also served as a director of many Brierley subsidiaries in New Zealand, Australia and the United States. Since 2006 he has pursued various private investment interests and has been a director of, and consultant to, a number of companies. He has acted as an advisor on a number of takeover situations. Mr. Hancox is a director of the following listed entities:

- Neuren Pharmaceuticals Limited from 8 March 2012 to the present
- QRx Pharma Ltd from 9 July 2014 to the present
- Biotetch Capital Limited from 1 September 2015 to the present

Dr. Geoff Cumming - Independent Non-Executive Director

Dr Geoffrey Cumming has significant healthcare industry experience and holds a Bachelor of Science degree from Swinbourne and Monash University, an MBA from Macquarie University and a PhD from Monash University. He has worked in the biotechnology, medical and healthcare markets for over 30 years and has extensive M&A, government and healthcare regulatory experience. Dr Cumming worked as Managing Director, Oceania for Roche Diagnostic Systems and is currently chairman of Sienna Cancer Diagnostics. Dr. Cumming is a director of the following listed entity.

- Anteo Diagnostics Limited from April 2009 to the present

Ian Mitchell - Independent Non-Executive Director and Company Secretary

Ian Mitchell is a practising solicitor of over forty years standing. He has been a Director and Company Secretary of a number of publicly listed Mining and Industrial companies and his legal expertise is in commercial, contractual ASIC and ASX compliance work. His academic qualifications are BA, Dip Law (Sydney). Mr Mitchell was appointed Company Secretary on 16 October 2008 and has been a Director since 6 November 2008. Mr. Mitchell is a director the following listed entity.

- Ark Mines Limited from November 2008 to the present

DIRECTORS' REPORT

continued

Darryl Ellis – Managing Director and Chief Executive Officer

Darryl was educated at the Royal Military College –Duntroon, where he developed strong leadership and organisational skills. He has also gained a Master of Business Administration from MGSM, and has completed the Business Management Course at GE's Crontonville management facility in the United States. He has held senior leadership positions at Alcan Australia, CSR, GE Lighting and Assa Abloy. No external directorships are held by Mr Ellis.

Directors Interests

Interests in the shares of the Company held by Directors of the reporting entity and their Director related entities at the date of this report are as follows.

Director	Direct	Indirect	Total
Bruce Hancox	-	-	-
Geoff Cumming	40,000	-	40,000
Ian Mitchell	1,386,382	-	1,386,382
Darryl Ellis	-	-	-
Total	**1,426,382**	**-**	**1,426,382**

Directors Meetings

The number of Directors and committee meetings held, including meetings held by telephone and by circulation of resolutions, and the number of those meetings attended by each of the Directors of the Company, while a Director, during the financial year were as follows:

	Directors Meetings		Audit & Risk Committee Meetings		Remuneration & Nominations Committee	
Director	Held	Attended	Held	Attended	Held	Attended
Bruce Hancox	10	10			1	1
Geoff Cumming	10	10	1	1	1	1
Ian Mitchell	10	10	1	1		
Darryl Ellis	6	6				

Committees

Details of the committees that were in existence at the date of this report and the memberships thereof are as follows:

- Audit and Risk Committee – Ian Mitchell (Chairman) & Geoff Cumming
- Remuneration Committee – Bruce Hancox (Chairman) & Geoff Cumming

DIRECTORS' REPORT

continued

Principal Activities

The principal activities of the Group during the course of the financial year were the development, manufacture and distribution of a range of medical devices.

Financial Results

The consolidated result after income tax attributable to members of the Company for the year was a profit of $406,615 (2016: loss of $4,427,249).

Dividends

No dividends have been paid or declared during the financial year.

Significant Changes in State of Affairs

In the opinion of the Directors, the only significant change in the state of affairs of the Group during the period ended 30 June, 2017 arose when the Company's OEM contract with Carefusion was not renewed.

Review of Operations

The operating and financial review of the Group during the year is detailed on page 1 of this Annual Report.

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 11 and forms part of the Directors' Report for the year ended 30 June 2017. During the year ended 30 June 2017, the lead auditor did not perform any non-audit services for the Company. An associate firm of the lead auditor provided taxation compliance services and share registry services to the Company. The Board do not consider these non-audit services affect the independence of the lead auditor.

Events Subsequent to Balance Date

On 10 August, 2017, the Company announced that it had entered into a Scheme Implementation Agreement ("SIA") with ICU Medical Inc. whereby it was proposed by ICU Medical Inc. that it would acquire 100% of the issued capital of Medical Australia Limited under a Scheme of Arrangement for a cash consideration of $0.086 per share. The signing of this agreement followed the receipt of a confidential, indicative non-binding proposal to acquire 100% of the issued capital of Medical Australia Limited. The Company's board has unanimously recommended the bid. There are no other events which have occurred subsequent to balance date and up to the date of this report that might affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

DIRECTORS' REPORT

continued

Likely Developments and Expected Results

The Company will continue to pursue its growth strategy in the human health market by providing superior products for use by healthcare professionals. Also, as outlined above, a Scheme Implementation Agreement or SIA has been entered into by the Company and ICU Medical Inc. The SIA, which can be found on the Company's website, provides an indicative timetable of events and various conditions to be satisfied prior to entering into a Scheme of Arrangement (the "Scheme"), to acquire all the shares in Medical Australia Limited. Directors have indicated their support for the Scheme and have recommended it to shareholders. If 75% of the shares voted and 50% of shareholders who vote, are in favour of the Scheme, a Court will then be asked to approve the Scheme and subject to that approval, the Scheme will be implemented and the Company's shares suspended from trading. All shareholders will then be sent the cash consideration for their shares held regardless of their vote.

Environmental Regulations

The Company has complied with its environmental obligations. No environmental breaches have been notified by any Government agency to the date of the Directors' Report and it does not anticipate any obstacles in complying with the legislation.

Indemnification of Officer or Auditor

Indemnities have been given to Directors and Officers to the extent permitted by the law, against liability which may arise through their duties as directors and officers. A confidentiality clause in the insurance contract prevents the disclosure of the insurance premium paid. No indemnifications have been provided in relation to the external auditor.

Proceedings on Behalf of the Company

No person has applied for leave of a Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Diversity Policy

The Company recognises the benefits of attracting and retaining its employees from the widest possible pool of available talent and to that end, is committed to engaging a diverse workforce. The Company presently has a total of 28 employees and contractors, of whom 11 are female, and a number of employees are from differing cultural backgrounds.

DIRECTORS' REPORT
continued

Remuneration Report (Audited)

The policy of remuneration of Directors and senior executives is to ensure the remuneration package properly reflects the person's duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board is responsible for reviewing its own performance. The Non-Executive Directors are responsible for evaluating the performance of Executive Directors who, in turn, evaluate the performance of all other senior executives. The evaluation process is intended to assess the Group's business performance, whether long term strategic objectives are being achieved and the achievement of individual performance objectives.

Components of remuneration comprise of salary, bonus and statutory superannuation where applicable. The remuneration disclosed below represents the cost to the Company for the services provided under these arrangements.

Employees are eligible to participate in a bonus scheme which pays bonuses based on a combination of discretionary factors and achievement of Key Performance Indicators. Bonus percentages are variable and percentages, if shown in the remuneration table, represent percentage of cash bonuses relative to fix remuneration paid in the year ended 30 June 2017 if performance targets were met. The achievement of the performance targets for a financial year is ascertained and paid out if met in the following financial year.

The employment terms and conditions of other Key Management Personnel and Group Executives are formalised in contracts of employment. Terms of employment require that either party must give a minimum of one month and maximum of four months' notice, in the case of the managing director, prior to termination of the contract.

The following table provides employment details of persons who were, during the financial year, members of the key management personnel of the consolidated group.

Name	Title	Start date	Termination provisions	% fixed remuneration
Bruce Hancox	Chairman	12 Feb 2014	N/A	100%
Dr Geoff Cumming	Director	23 Jan 2009	N/A	100%
Ian Mitchell	Director	6 Nov 2008	N/A	100%
Darryl Ellis (i)	Managing Director	13 Feb 2014	4 months	94%
Michael Jones	GM Operations, Innovations	1 Mar 2008	1 month	96%
Paul Gleeson	GM Sales	1 Mar 2008	1 month	92%
Michael Andrews	Chief Financial Officer	10 Nov 2014	1 month	100%

(i) Appointed as a Director on 28 November 2016

DIRECTORS' REPORT

continued

Details of the nature and amount of each element of the emoluments of each Director and Specified Executive of the entity in the current reporting period and prior reporting period are as follows:

2017	Salary, bonus, fees, allowances & leave $	Post-employment benefits $	Other long term benefits (i) $	Share based payment $	Total $
Directors					
Bruce Hancox	50,000	-	-	-	50,000
Dr Geoff Cumming	36,000	3,420	-	-	39,420
Ian Mitchell	40,000	-	-	-	40,000
Darryl Ellis	312,386	29,450	16,234	23,661	381,731
Total Directors	**438,386**	**32,870**	**16,234**	**23,661**	**511,151**
Specified Executives					
Michael Jones	191,751	19,396	5,058	-	216,205
Paul Gleeson	232,498	19,317	9,843	-	261,658
Michael Andrews	188,351	17,480	7,941	-	213,772
Total Specified Executives	**612,600**	**56,193**	**22,842**	**-**	**691,635**
Total	**1,050,986**	**89,063**	**39,076**	**23,661**	**1,202,786**

(i) Amounts disclosed as other long term benefits represent increases in amounts accrued for long service leave as explained in Note 21 to the financial statements

2016	Salary, bonus, fees, allowances & leave $	Post-employment benefits $	Other long term benefits (i) $	Share based payment $	Total $
Directors					
Bruce Hancox	50,000	-	-	-	50,000
Dr Geoff Cumming	36,000	3,420	-	-	39,420
Ian Mitchell	40,000	-	-	-	40,000
Jeremy Delk(ii)	136,623	-	-	-	136,623
Total Directors	**262,623**	**3,420**	**-**	**-**	**266,043**
Specified Executives					
Darryl Ellis	317,989	29,054	855	-	347,928
Michael Jones	203,539	19,475	4,440	-	227,454
Paul Gleeson	211,231	17,100	4,712	-	233,043
Michael Andrews	188,542	17,100	150	-	205,792
Total Specified Executives	**921,301**	**82,729**	**10,187**	**-**	**1,014,217**
Total	**1,183,924**	**86,149**	**10,187**	**-**	**1,280,260**

DIRECTORS' REPORT
continued

(i) Amounts disclosed as other long term benefits represent increases in amounts accrued for long service leave as explained in Note 21 to the financial statements
(ii) Resigned as a Director on 21 August 2015

Service contracts with Directors and Executives

Director's services are either contracted through entities controlled by Directors or with the Directors themselves. There are no special terms associated with any Directors' service contracts and no additional paid services are supplied by the Directors.

Service contract with Chief Executive Officer

Darryl Ellis is employed under a service contract that provides for an annual gross salary of $310,000 plus statutory superannuation of 9.5%. The previous contract, ending in December 2016, was extended for a period of 12 months. Apart from serious or wilful misconduct, either party may terminate the contract by giving four months' notice in writing. The following long term incentive scheme is currently in place for Mr. Ellis:

A total of 2,500,000 ordinary fully paid shares at $0.07 each funded by a non-recourse loan are eligible to be issued to Mr. Ellis on the achievement of the following:

- 825,000 shares upon MLA shares achieving a VWAP of 12c for 30 consecutive trading days
- 825,000 shares upon MLA achieving EBIT of $2.5M
- 850,000 shares upon MLA achieving EBIT of $4.0M

Shares and options granted to Directors and senior management as compensation

Other than the Chief Executive's equity based incentive plan described above, there are no other shares, rights or options on issue or planned to be issued under any schemes previously approved by shareholders. All share options granted under past employee share schemes have, as at the date of this report, either expired or been forfeited.

Equity holdings and transactions

The movement during the reporting period and the prior reporting period in the number of ordinary shares in the Company held by each Director and specified executive, including their personally related entities, is as follows:

DIRECTORS' REPORT

continued

	Held at 1 July 2016	Purchased	Sold	Held at 30 June 2017
Directors				
Bruce Hancox	-	-	-	-
Dr Geoff Cumming	40,000	-	-	40,000
Ian Mitchell	1,386,382	-	-	1,386,382
Darryl Ellis	-	-	-	-
Specified Executives				
Michael Jones	340,000	-	-	340,000
Paul Gleeson	50,000	-	-	50,000
Michael Andrews	100,000	-	-	100,000

	Held at 1 July 2015	Purchased	Sold	Held at 30 June 2016
Directors				
Bruce Hancox	-	-	-	-
Dr Geoff Cumming	40,000	-	-	40,000
Ian Mitchell	1,386,382	-	-	1,386,382
Jeremy Delk[(i)]	1,466,667	-	1,466,667	-
Specified Executives				
Darryl Ellis	-	-	-	-
Michael Jones	140,000	200,000	-	340,000
Paul Gleeson	50,000	-	-	50,000
Michael Andrews	100,000	-	-	100,000

(i) Resigned as a Director on 21 August 2015

End of Audited Remuneration Report

Related Parties

The Directors disclose any conflict of interests in Directors' Meetings as per the requirements under the Corporations Act (2001). Any disclosures that are considered to fall under the definition of related parties as per AASB 124 'Related Party Disclosures' are made in the Directors' meetings and minuted.

Signed at Sydney this 27th day of September 2017 in accordance with a resolution of the Board of Directors:

Ian Mitchell
Director

Nexia Australia

To the Board of Directors of Medical Australia Limited

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*

As lead audit director for the audit of the financial statements of Medical Australia Limited for the financial year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Nexia Sydney Audit Pty Limited

Stephen Fisher

Director

Dated: 27th September 2017

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2017

Continuing Operations	Note	June 2017 $	June 2016 $
Sale of goods		13,155,956	12,419,938
Cost of goods sold		(7,330,439)	(7,051,891)
Gross profit		**5,825,517**	**5,368,047**
Other Revenue – R&D Incentive		76,882	34,504
Administration and consultants	2	(596,813)	(554,179)
Advertising and marketing		(152,115)	(66,032)
Depreciation and amortisation		(141,495)	(162,002)
Employee benefits expenses		(3,231,333)	(3,002,842)
Travel and accommodation		(481,564)	(419,171)
Occupancy costs		(224,814)	(220,600)
Other	2	(649,784)	(557,970)
Profit/(Loss) before interest and income tax	**2**	**424,481**	**419,755**
Financial income		613	1,325
Financial expense		(18,479)	(9,322)
Net financing (loss)/gain		**(17,866)**	**(7,997)**
Profit/(Loss) before income tax		**406,615**	**411,758**
Income tax (expense) benefit	3	-	-
Profit/(Loss) from continuing operations		**406,615**	**411,758**
(Loss) from discontinued operations		-	(5,250,021)
Profit/(Loss) for the year		**406,615**	**(4,838,263)**
Other comprehensive Income after income tax –			
Items that may be reclassified to profit or loss as specific conditions met:			
Exchange differences on translating foreign operation		(3,019)	112,967
Total comprehensive income/(loss) for the period		403,596	(4,725,296)

The Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

continued

Continuing Operations	Note	June 2017 $	June 2016 $
Net profit/(loss) attributable to			
Owners of the parent entity		406,615	(4,427,249)
Non-controlling interest		-	(411,014)
Total		406,615	(4,838,263)
Total comprehensive income/(loss) attributable to			
Owners of the parent entity		403,596	(4,314,282)
Non-controlling interest		-	(411,014)
Total		403,596	(4,725,296)
Earnings per share			
From continuing and discontinuing operations:			
Basic profit/(loss) per share (cents per share)	4	0.30 cents	(3.24) cents
Diluted profit/(loss) per share (cents per share)		0.30 cents	(3.24) cents
From continuing operations:			
Basic profit/(loss) per share (cents per share)	4	0.30 cents	0.30 cents
Diluted profit/(loss) per share (cents per share)		0.30 cents	0.30 cents

The Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Note	June 2017 $	June 2016 $
Current assets			
Cash and cash equivalents	5	1,547,586	860,711
Trade and other receivables	6	1,470,208	1,580,940
Inventories	7	1,821,946	2,683,708
Other assets	8	153,246	123,058
Total current assets		**4,992,986**	**5,248,417**
Non-current assets			
Property, plant and equipment	9	188,410	211,332
Intangible assets	10	3,861,377	3,907,871
Total non-current assets		**4,049,787**	**4,119,203**
TOTAL ASSETS		**9,042,773**	**9,367,620**
Current liabilities			
Trade and other payables	11	1,281,659	2,085,696
Provisions	12	373,945	295,944
Total current liabilities		**1,655,604**	**2,381,640**
Non-current liabilities			
Provisions	12	40,342	66,410
Total non-current liabilities		**40,342**	**66,410**
TOTAL LIBILITIES		**1,695,946**	**2,448,050**
NET ASSETS		**7,346,827**	**6,919,570**
Equity			
Issued capital	13	26,753,918	26,753,918
Equity remuneration reserve	14	170,031	146,370
Foreign currency translation reserve		(63,569)	(60,550)
Accumulated losses	15	(19,513,553)	(19,920,168)
TOTAL EQUITY		**7,346,827**	**6,919,570**

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2017

	Issued Capital $	Equity Remuneration Reserve $	Foreign Currency Translation Reserve $	Non-Controlling Interest $	Accumulated Losses $	Total Equity $
Balance at 30 June 2015	**26,753,918**	**146,370**	**(368,149)**	**(1,101,527)**	**(15,081,905)**	**10,348,707**
Profit/(Loss) for the year	-	-	-	(411,014)	(4,427,249)	(4,838,263)
Other comprehensive income	-	-	112,967	-	-	112,967
Total comprehensive (loss)/profit	-	-	112,967	(411,014)	(4,427,249)	(4,725,296)
De-recognition of non-controlling interest upon disposal of discontinued operations	-	-	-	1,512,541	-	1,512,541
Reclassification to profit or loss upon disposal of discontinued operations	-	-	194,632	-	(411,014)	(216,382)
Balance at 30 June 2016	**26,753,918**	**146,370**	**(60,550)**	**-**	**(19,920,168)**	**6,919,570**
Profit/(Loss) for the year	-	-	-	-	406,615	406,615
Other comprehensive loss	-	-	(3,019)	-	-	(3,019)
Total comprehensive (loss)/profit	-	-	(3,019)	-	406,615	403,596
Cost of share based payments	-	23,661	-	-	-	23,661
Balance at 30 June 2017	**26,753,918**	**170,031**	**(63,569)**	**-**	**(19,513,553)**	**7,346,827**

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2017

	Note	June 2017 $	June 2016 $
Cash flows from operating activities			
Receipts from customers		13,571,680	14,073,918
Payments to suppliers and employees		(12,896,424)	(14,006,724)
Cash provided by operations		675,256	67,194
Interest received		1,788	-
FBT and R&D grant refund		78,835	26,412
Net cash provided by operating activities	**19**	**755,879**	**93,606**
Cash flows from investing activities			
Proceeds from disposing of subsidiary net of cash disposed		-	173,588
Payments for property, plant and equipment		(67,416)	(212,374)
Payments for intangible development assets		(3,818)	(184,386)
Loans repaid by other entities		-	45,833
Net cash (used in) investing activities		**(71,234)**	**(177,339)**
Cash flows from financing activities			
Net cash provided by financing activities		**-**	**-**
Net increase (decrease) in cash and cash equivalents		684,645	(83,733)
Effect of exchange rate on cash holdings in foreign currency		2,230	11,132
Cash and cash equivalents at beginning of the year	5	860,711	933,312
Cash and cash equivalents at the end of the year	**5**	**1,547,586**	**860,711**

The Consolidated Statement of Cashflows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

The financial report covers Medical Australia Limited and its controlled entities ("the Group"). Medical Australia Limited is a listed public company, incorporated and domiciled in Australia. The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards.

The separate financial statements of the parent entity, Medical Australia Limited, have not been presented within this financial report as permitted by Corporations Act 2001.

The financial report was authorised for issue by the board of directors on 27th September 2017.

NOTE 1 – BASIS OF PRESENTATION

The financial report is a general purpose financial report, prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis, modified where applicable by the measurement at fair value of selected financial assets. The accounting policies have been consistently applied.

The financial report complies with Australian Accounting Standards, which includes the Australian Accounting Interpretations. The financial report also complies with International Financial Reporting Standards (IFRS).

Where management is required to make judgements, estimates and assumptions in relation to the carrying value of assets and liabilities that have significant risk of material adjustments in the next year, and these have been disclosed in the relevant notes.

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial statements. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

a) Basis of measurement

The consolidated financial statements have been prepared on an accrual basis and are based on historical cost, except where stated at fair value.

b) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency and the functional currency of the Group.

c) Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the

NOTES TO THE FINANCIAL STATEMENTS
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amount recognised in the financial statements are described in the following notes:

- Note 9 – Plant and equipment
- Note 10 – Intangible Assets
- Note 12 - Provisions

d) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. A list of controlled entities is contained in Note 16 to the financial statements.

Investments in subsidiaries are carried at their cost of acquisition less accumulated impairment in the Company's financial statements.

Transactions eliminated on consolidation

Intergroup balances and any unrealised gains and losses or income and expenses arising from intergroup transactions, are eliminated in preparing the consolidated financial statements.

e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits and other short-term highly liquid investments.

f) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition, such as freight.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

h) Plant and equipment

Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

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In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

- Office Equipment acquired prior to 1 July 2015 is depreciated at rates between 10% and 33.3% per annum using the diminishing value method. Office Equipment acquired from 1 July 2015 is depreciated under the straight line method using a rate of 33.3%

- Plant & Equipment acquired prior to 1 July 2015 is depreciated at rates between 10% and 33.3% per annum using the diminishing value method. Plant & Equipment acquired from 1 July 2015 is depreciated using the straight line method using rates between 20% and 33.3%.

- Furniture and Fittings acquired prior to 1 July 2015 are depreciated at rates between 10% and 30% per annum using the diminishing value method. Furniture & Fittings acquired from 1 July 2015 is depreciated under the straight line method using rates between 16.7% and 33.3%.

- Warehouse Equipment is depreciated at 33% per annum using the diminishing value method.

- Motor Vehicles are depreciated at 20% per annum using the diminishing value method.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the item. These gains and losses are recognised in the profit and loss in the period in which they arise. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to accumulated losses.

i) Intangible assets

Goodwill

NOTES TO THE FINANCIAL STATEMENTS

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Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and is allocated to the Group's cash generating units or groups of cash generating units, representing the lowest level at which goodwill is monitored being not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

Product Development Costs

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

j) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit and loss", in which case transaction costs are expensed to profit and loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method or cost.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

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Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any re-measurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold after 12 months from the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

Impairment of financial assets

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. For financial assets carried at amortised cost, a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

De-recognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

k) Impairment

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. An impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of

NOTES TO THE FINANCIAL STATEMENTS

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the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

l) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the Group that remain unpaid at the end of the reporting period.

Trade and other payables are stated at their amortised cost and are non-interest bearing.

m) Provisions

A provision is recognised in the Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

n) Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

o) Taxation

Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income). Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses. Current and deferred income tax expense (income) is charged or credited outside the profit and loss when the tax relates to items that are recognised outside the profit and loss. Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss. Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is

NOTES TO THE FINANCIAL STATEMENTS

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realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Investment allowances and similar tax incentives

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (e.g. The Research and Development Tax Incentive regime in Australia or other investment allowances). The Group accounts for such allowances as other income.

Tax consolidation

The Company and its wholly owned Australian resident entities have formed a tax consolidated group with effect from 1 July 2004 and are therefore taxed as a single entity from that date. The head entity within the tax consolidated group is Medical Australia Limited.

Current tax expense/benefit, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

The Company as head entity recognises deferred tax assets arising from unused tax losses of the tax consolidated group to the extent that it is probable that future taxable profits of the tax consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

p) Indirect taxes

Revenue, expenses and assets are recognised net of the amount of goods and services tax ('GST') and value added tax (VAT), except where the amount of GST and VAT incurred is not recoverable from the taxation authority.

NOTES TO THE FINANCIAL STATEMENTS

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In these circumstances, the GST and VAT is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST and VAT included. The net amount of GST and VAT recoverable from, or payable to, the taxation authority is included as a current asset or liability in the statement of financial position.

Cash flows are presented on a gross basis. The GST and VAT components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are presented as operating cash flows included in receipts from customers or payments to suppliers.

q) Segment reporting

The Group's primary segment reporting format is geographic segments.

The operating businesses are organised and managed separately according to the differences between the customer markets in each geographic segment with each segment representing a strategic business unit that offers different products and serves different markets. Operating segments are reported in a manner consistent with internal reporting provided to the board and management.

The Human Health principal activities during the course of the financial year were the development, manufacture and distribution of a range of medical devices.

Segment revenue, segment expense and segment result include transfers between business segments. Those transfers are eliminated on consolidation.

r) Revenue recognition

Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. This generally occurs upon shipment.

Transfers of risks and rewards vary depending on the individual terms of the contract of sale.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period, where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed.

Where the outcome cannot be estimated reliably, revenue is recognised only to the *extent that related expenditure is recoverable.*

Financial income

Financial income comprises interest revenue which is recognised on an accrual basis, using the effective interest method.

Dividend revenue is recognised when the right to receive a dividend has been established.

NOTES TO THE FINANCIAL STATEMENTS
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All revenue is stated net of the amount of goods and services tax.

s) Employee benefits

Wages, salaries, annual leave, long service leave, sick leave and non-monetary benefits

Employee benefit provisions for wages, salaries, annual leave, and long service leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at the reporting date including related on-costs, such as workers compensation insurance, payroll tax and superannuation. Long service leave is provided for from commencement of service, and the component payable later than 12 months from reporting date is measured at the present value of the estimated future cash flows to be made for those benefits, adjusted by a discount factor and a probability of vesting factor (including on-costs).

t) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the net profit or loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

u) Foreign Currency Transactions and balances

Transactions in foreign currencies are translated to the respective functional currencies of group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rate at that date. The foreign currency gain or loss on monetary items is recognised in the profit and loss, except where deferred in equity as a qualifying cash flow or net investment hedge. Non-monetary items are measured at historical cost and continue to be carried at the exchange rate at the date of the transaction. Non- monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in the profit or loss.

On consolidation, the assets and liabilities of foreign operations are translated into Australian Dollars at the rate of exchange prevailing at the reporting date and their Statement of Comprehensive Income are translated at average exchange rates. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that

NOTES TO THE FINANCIAL STATEMENTS
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particular foreign operation is recognised in the statement of comprehensive income.

v) Share-based payment transactions

Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting period. The corresponding amount is recorded to the equity remuneration reserve. The fair value of options is determined using the Black Scholes model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

w) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

x) Fair value

The Group subsequently measures some of its assets at fair value on a recurring basis. Fair value is the price the Group would receive to sell an asset in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset (i.e. the market with the greatest volume and level of activity for the asset) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sales of the asset after taking into account transaction costs and transport costs). For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

y) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

z) New and amended accounting standards and interpretations

(i) New and amended accounting standards and interpretations adopted by the Group

The Group adopted the following Australian Accounting Standards (new and amended) from the mandatory application date of 1 July 2016. The new and amended Standards are

NOTES TO THE FINANCIAL STATEMENTS

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not expected to have a significant impact on the Group's financial statements except where otherwise stated:

AASB 2014-1 ***Amendments to Australian Accounting Standards***

Amends AASB 1 First-time Adoption of Australian Accounting Standards, which arise from the issuance of AASB 14 Regulatory Deferral Accounts.

AASB 2014-3 ***Accounting for Acquisitions of Interests in Joint Operations – Amendments to AASB 11***

This amendment to AASB 11 Joint Arrangements requires the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 Business Combinations, to apply all of the principles on business combinations accounting in AASB 3.

AASB 2014-4 ***Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)***

These amendments to AASB 116 and AASB 138 clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The standard also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

AASB 1057 ***Application of Australian Accounting Standards***

This Standard deletes the application paragraphs previously contained in each Australian Accounting Standard (or Interpretation) and moves them into this Standard. The application requirements of each other Australian Accounting Standard have not been amended.

AASB 2014-9 ***Equity Method in Separate Financial Statements (Amendments to AASB 127)***

Amends IAS 27 to permit entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

AASB 2015-1 ***Annual Improvements to Australian Accounting Standards 2012-2014***

This Standard makes amendments to various Accounting Standards arising from the IASB's Annual Improvements process, namely:

AASB 5 - changes in methods of disposal from sale to distribution

AASB 7 – applicability of disclosures to servicing contracts and interim financial statements;

AASB 119 – clarifies that the government bond rate used in measuring employee benefits should be those denominated in the same currency.

AASB 134 – permits the cross referencing of disclosures elsewhere in the financial report.

NOTES TO THE FINANCIAL STATEMENTS

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AASB 2015-2 ***Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101***

The Standard makes amendments to AASB 101 Presentation Of Financial Statements arising from the IASB's Disclosure Initiative project.

(ii) New accounting standards and interpretations not yet adopted by the Group

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group are discussed below. These new and amended Standards are not expected to have a material impact on the Group's financial statements except where otherwise stated:

Applicable to annual reporting periods beginning on or after 1 January 2017

AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]

This Standard amends AASB 112 Income Taxes to clarify the circumstances in which the recognition of deferred tax assets may arise in respect of unrealised losses on debt instruments measured at fair value.

AASB 2016-2 Amendments to Australian Accounting Standards –Disclosure Initiative: Amendments to AASB 107

This Standard amends AASB 107 Statement of Cash Flows to include additional disclosures and reconciliation relating to changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

Applicable to annual reporting periods beginning on or after 1 January 2018

AASB 2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to AASB 10 and AASB 128)

Amends AASB 10 and AASB 128 to remove the inconsistency in dealing with the sale or contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The mandatory application date of AASB 2014-10 has been amended and deferred to annual reporting periods beginning on or after 1 January 2018 by AASB 2015-10.

AASB 9 Financial Instruments

AASB 9 includes requirements for the classification and measurement of financial assets and incorporates amendments to the accounting for financial liabilities and hedge accounting rules to remove the quantitative hedge effectiveness tests and have been replaced with a business model test. AASB 9 improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of AASB 139 as follows:

a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the

NOTES TO THE FINANCIAL STATEMENTS

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financial assets; (2) the characteristics of the contractual cash flows.

b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

i) The change attributable to changes in credit risk are presented in other comprehensive income (OCI)

ii) The remaining change is presented in profit or loss.

AASB 2012-6 also modifies the relief from restating prior periods by amending AASB 7 to require additional disclosures on transition to AASB 9 in some circumstances. Consequential amendments were made to other standards as a result of AASB 9 by AASB 2014-7 and AASB 2014-8. The mandatory application date of AASB 9 has been deferred to annual reporting periods beginning on or after 1 January 2018 by AASB 2014-1.

Although the Directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and four Interpretations issued by the AASB and amends the principles for recognising revenue from contracts with customers. It applies to all contracts with customers except leases, financial instruments and insurance contracts. The Standard requires an entity to recognise revenue on a basis that depicts the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that principle, an entity shall apply all of the following steps:

a) identify the contract with a customer;

b) identify the separate performance obligations in the contract;

c) determine the transaction price;

d) allocate the transaction price to the separate performance obligations in the contract; and

e) recognise revenue when (or as) the entity satisfies a performance obligation.

Consequential amendments to other Standards are made by AASB 2014-5 Amendments to Australian Accounting

NOTES TO THE FINANCIAL STATEMENTS

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Standards arising from AASB 15. The mandatory application date of AASB 15 has been deferred to annual reporting periods beginning on or after 1 January 2018 by AASB 2015-8

Although the Directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

Applicable to annual reporting periods beginning on or after 1 January 2019

AASB 16 Leases

AASB 16 replaces AASB 117 Leases and sets out the principles for the recognition, measurement, presentation and disclosure of leases.

AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying AASB 107 Statement of Cash Flows.

AASB 16 substantially carries forward the lessor accounting requirements in AASB 117 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

This Standard applies to annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted provided the entity also applies AASB 15 Revenue from Contracts with Customers at or before the same date.

Although the Directors anticipate that the adoption of AASB 16 may have a material impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

NOTES TO THE FINANCIAL STATEMENTS

continued

NOTE 2 – PROFIT/(LOSS) FROM CONTINUING OPERATIONS

	2017 $	2016 $
Significant expenses in Consolidated Statement of Comprehensive Income		
Administration and consultants expenses		
General and administrative	124,021	118,416
Legal fees	8,427	6,244
Consultancy fees	464,365	429,519
Total administration and consultants expenses	**596,813**	**554,179**
Other expenses		
Audit and review of financial reports	88,836	88,950
Insurance	140,089	159,510
Office warehouse lab supplies	66,511	61,369
Telephone & internet	43,569	59,719
Regulatory expense	93,653	82,923
Provision for doubtful debts	(18,167)	34,796
Bank fee	18,219	15,411
Foreign exchange loss	15,121	6,405
Royalty	17,907	12,295
Staff recruitment & training	90,893	56,015
Overhead recovery	-	(45,000)
Printing & Stationery	31,921	35,649
Share based payment	23,661	-
Other expenses	37,571	(10,072)
Total other expenses	**649,784**	**557,970**

	2017 $	2016 $
Profit before income tax from continuing operations includes the following specific expenses		
Defined superannuation contribution expense	252,441	233,669
Minimum lease payments expense on operating leases	224,814	215,169
Write-down of obsolete inventory	120,433	6,089

At 30 June 2017, the Group had 28 employees (2016: 24)

NOTES TO THE FINANCIAL STATEMENTS
continued

NOTE 3 – INCOME TAX BENEFIT

	2017 $	2016 $
Numerical reconciliation between income tax benefit and pre-tax net loss		
Profit/(loss) before tax – continuing operations	406,615	411,758
Income tax expense/(benefit) using the domestic corporation tax rate of 30%	121,984	123,527
Increase/(decrease) in income tax expense due to		
Non-assessable income	(20,677)	-
Non-deductible expenses	-	76,133
Difference in international tax rates	(14,233)	(8,862)
Effect of tax losses brought to account	(87,074)	(190,798)
Income tax expense/(benefit)	-	-

As at 30 June 2017 the amount of deferred tax assets not brought to account in respect of unused tax losses is estimated to be as follows:

	Tax Rate	June 2017 $	June 2016 $
(a) Unused revenue losses for which no benefit has been recognised as a deferred tax asset		10,386,680	10,486,533
Tax effect: Potential income tax benefit	27.5%	2,688,985	-
	30%	-	2,951,941
	20%	121,710	128,946
(b) Unused capital losses for which no benefit has been recognised as a deferred tax asset		72,601	72,601
Tax effect: Potential income tax benefit	27.5%	19,965	-
	30%	-	21,780
(c) Deductible temporary differences for which no benefit has been recognised as a deferred tax asset		3,813,030	3,758,879
Tax effect: Potential income tax benefit	27.5%	1,042,616	-
	30%	-	1,113,172
	20%	4,340	9,661

The income tax return for the year ended 30 June 2017 has not been lodged as at the date of this report.

NOTES TO THE FINANCIAL STATEMENTS
continued

NOTE 3 – INCOME TAX BENEFIT (CONTINUED)

The benefit of these temporary differences and tax losses will only be obtained if:

I. The consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the temporary differences and losses to be realised;
II. The consolidated entity continues to comply with the conditions for deductibility imposed by the tax legislation; and
III. No changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the temporary differences and losses.

NOTE 4 – EARNINGS PER SHARE

	2017 No.	2016 No.
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted EPS	136,766,031	136,766,031

	2017 $	2016 $
Profit/(loss) after income tax attributable to members of the parent entity used to calculate basic EPS	406,615	(4,427,249)
Profit/(loss) for the year used to calculate basic and diluted EPS for continuing operations	406,615	411,758

There are no shares that are dilutive

NOTE 5 – CASH AND CASH EQUIVALENTS

	2017 $	2016 $
Cash at bank and on hand	997,824	810,949
Term deposits	549,762	49,762
Total cash and cash equivalents	**1,547,586**	**860,711**

Amounts held in Company's bank accounts attract variable rates of interest normally associated with business bank accounts. Term deposits as at 30 June 2017 attract an interest rate of 2.10% maturing on 28 August 2017 (2016: 2.15%)

NOTES TO THE FINANCIAL STATEMENTS
continued

NOTE 6 – TRADE AND OTHER RECEIVABLES

	2017 $	2016 $
Current		
Trade debtors	1,463,062	1,619,338
Provision for doubtful debts [i]	(13,204)	(84,904)
	1,449,858	1,534,434
Other receivables	20,350	46,507
Total trade and other receivables	**1,470,208**	**1,580,940**

(i) Movement in provision for doubtful debts		
Opening Balance	84,904	130,733
Charge for the year	(26,145)	(45,829)
Amount written off	(45,555)	-
Closing balance	13,204	84,904

Trade debtors are based on normal terms of trade, typically 30 days from end of month. Trade debtors are carried at their fair value and the net balance of trade debtors represents the Company's exposure to credit risk at the end of the reporting period.

NOTE 7 – INVENTORIES

	2017 $	2016 $
Current		
Finished goods	1,941,262	2,841,641
Impairment	(119,316)	(157,933)
Total inventories	**1,821,946**	**2,683,708**

Inventory is valued at the lower of cost and net realisable value. Assessments of the allowance for inventory obsolescence may require a degree of estimation and judgment. The level of the allowance is assessed by taking into account the ageing of inventories, the expected amount to be recovered through disposals and other factors that affect inventory obsolescence. Inventory items are periodically assessed for impairment indicators and as a result of such assessment, the carrying value of inventory in currently written down by $119,316 (2016: $157,933) to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

continued

NOTE 8 – OTHER ASSETS

	2017 $	2016 $
Current		
Deposits	32,897	68,612
Prepaid expenses	120,349	50,280
Other	-	4,166
Total other assets	**153,246**	**123,058**

NOTE 9 – PLANT AND EQUIPMENT

	2017 $	2016 $
Plant and equipment	402,958	383,501
Accumulated depreciation	(311,973)	(278,181)
Total plant and equipment	90,985	105,320
Furniture and fittings	139,171	138,083
Accumulated depreciation	(117,450)	(94,798)
Total furniture and fittings	21,721	43,285
Office equipment	353,621	305,905
Accumulated depreciation	(288,279)	(256,387)
Total office equipment	65,342	49,518
Leasehold improvements	56,177	56,177
Accumulated depreciation	(53,633)	(52,740)
Total leasehold improvements	2,544	3,437
Motor vehicles	29,991	29,991
Accumulated depreciation	(22,173)	(20,219)
Total motor vehicles	7,818	9,772
Total plant and equipment	**188,410**	**211,332**

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment), lease terms (for leased equipment) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

NOTES TO THE FINANCIAL STATEMENTS

continued

NOTE 9 – PLANT AND EQUIPMENT (CONTINUED)

	Plant & Equipment $	Furniture & Fittings $	Office Equipment $	Leasehold Improvement $	Motor Vehicles $	Total $
Movement in carrying amount						
Balance at 1 July 2015	**58,446**	**74,497**	**58,358**	**118,502**	**12,223**	**322,026**
Additions	135,126	15,568	37,408	-	-	188,102
Disposals	(46,159)	(23,423)	(6,173)	(114,228)	-	(189,984)
Effective movement in exchange rates	9,627	-	-	-	-	9,627
Depreciation	(51,720)	(23,357)	(40,075)	(837)	(2,451)	(118,439)
Balance at 30 June 2016	**105,320**	**43,285**	**49,518**	**3,437**	**9,772**	**211,332**
Additions	19,457	1,087	47,716	-	-	68,260
Disposals	-	-	-	-	-	-
Depreciation	(33,792)	(22,651)	(31,892)	(893)	(1,954)	(91,182)
Balance at 30 June 2017	**90,985**	**21,721**	**65,342**	**2,544**	**7,818**	**188,410**

NOTES TO THE FINANCIAL STATEMENTS

continued

NOTE 10 – INTANGIBLE ASSETS

	2017 $	2016 $
Goodwill – TUTA Healthcare	3,409,565	3,409,565
Goodwill on acquisition – Clements	400,000	400,000
	3,809,565	3,809,565
Product Development Costs – Gross	421,557	417,739
Accumulated amortisation	(369,745)	(319,433)
Product Development Costs – Net	51,812	98,306
Total intangible assets	**3,861,377**	**3,907,871**

The carrying value of all intangible assets were assessed at balance date and no impairment write downs were required.

Goodwill

An impairment test for goodwill has been separately performed for the Tuta and Clements businesses as at 30 June 2017. Based on the results of those tests, the Directors believe that there is no impairment loss to be recognised on the carrying values.

The recoverable amount of a cash generating unit (CGU) is determined on a discounted value basis using cash flow projections covering a five year period with terminal value based on financial budgets approved by the board. The assumptions used in the impairment model are as follows:

Drivers	Tuta CGU	Clements CGU
Revenue growth rate	2018: (5%) 2019-2022: 8%	2018: 19% 2019: 12% 2020: 7% 2021-2022: 5%
Cost of goods sold (% of revenue)	2018: 55% 2019: 56% 2020: 57% 2021-2022: 58%	2018-2020: 50% 2021: 52% 2022: 55%
Cost of goods sold growth rate	2018: (5%) 2019-2021: 9% 2022: 7%	2018: 2% 2019: 11% 2020: 7% 2021: 8% 2022: 10%
Operating costs growth rate	2018: 1.4% 2019-2022: 3%	2018: 78% 2019-2022: 3%

NOTES TO THE FINANCIAL STATEMENTS

continued

NOTE 10 – INTANGIBLE ASSETS (CONTINUED)

The cash flows were discounted using a yield of 15%. The discount rate reflects management's estimate of the time value of money and the risks specific to the cash generating unit.

Product Development Costs

The Group has adopted a policy of capitalising product development costs related to specific projects, in accordance with AASB 138. These are amortised on a straight line basis over the useful life of the product. As at 30 June 2017, specific product development costs capitalised as intangible assets have a carrying value of $51,812 (2016: $98,306). Product development costs capitalised in the period amount to $3,818. This represents product development costs for the development of a next generation Clements pump. Costs capitalised to date plus costs estimated to successfully complete these development efforts have been assessed for possible impairment and found to be unimpaired.

NOTE 11 – TRADE AND OTHER PAYABLES

	2017 $	2016 $
Current		
Trade creditors	917,020	1,643,586
Income in advance	37,081	21,042
Payroll liabilities	856	48,533
Accruals	326,702	372,537
Total trade and other payables	**1,281,659**	**2,085,696**

NOTES TO THE FINANCIAL STATEMENTS

continued

NOTE 12 – PROVISIONS

	2017 $	2016 $
Current		
Provision for annual and long service leave	373,945	295,944
Non-current		
Provision for long service leave	40,342	66,410
Movement in provisions		
Annual leave		
Carrying amount at beginning of year	203,467	178,013
Increases to provision	197,242	159,284
Amount utilised	(190,932)	(133,830)
Carrying amount at year-end	209,777	203,467
Long service leave		
Carrying amount at beginning of year	158,887	141,409
Increases to provision	45,623	17,478
Carrying amount at year-end	204,510	158,887
Current	164,168	92,477
Non-current	40,342	66,410
Long service leave at year-end	204,510	158,887

Non -current provision for employee benefits have been measured at the present value of the estimated future cash outflows to be made for those benefits based on expected probabilities of employees remaining employed until the leave vests.

NOTE 13 – ISSUED CAPITAL

	2017 No.	2017 $	2016 No.	2016 $
Fully paid ordinary shares				
Balance at the beginning of the year	136,766,031	26,753,918	136,766,031	26,753,918
Balance at the end of the year	**136,766,031**	**26,753,918**	**136,766,031**	**26,753,918**

Issued capital as at 30 June 2017 amounted to $26,753,918 (136,766,031 ordinary shares). There has been no movement in the issued capital of the Company in the current year or prior year.

Ordinary shareholders participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

NOTES TO THE FINANCIAL STATEMENTS

continued

NOTE 14 – EQUITY REMUNERATION RESERVE

	2017 $	2016 $
Balance at the beginning of the year	146,370	146,370
Share based payment expenses (i)	23,661	-
Balance at the end of the year	**170,031**	**146,370**

(i) Darryl Ellis share based payment expense in connection with performance rights

At the Company's annual general meeting in November 2015, shareholders approved a share based incentive scheme for the Chief Executive Officer. The details of that scheme and inputs used in the calculation of the fair value of the performance rights are as follows:

A total of 2,500,000 ordinary fully paid shares at $0.07 all funded by a non-recourse loan are eligible to be issued to Mr. Ellis on the achievement of the following:

- 825,000 shares upon MLA shares achieving a VWAP of 12c for 30 consecutive trading days
- 825,000 shares upon MLA achieving EBIT of $2.5M
- 850,000 shares upon MLA achieving EBIT of $4.0M

The shares, yet to be issued, are required under AASB 2 Share Based Payments, to have their fair value calculated using an appropriate option pricing model and those costs recognised over the estimated periods required for the shares to vest.

	VWAP 12c for 30 Consecutive Trading Days	Achieving EBIT $2.5m	Achieving EBIT $4m
Grant date	13 Nov 2015	13 Nov 2015	13 Nov 2015
Rights originally issued	825,000	825,000	850,000
Exercise price	7 cents	7 cents	7 cents
Life of rights (ii)	2 years	4 years	6 years
Underlying share price at grant date	6 cents	6 cents	6 cents
Expected share price volatility	56%	56%	56%
Risk free interest rate	1.72%	1.72%	1.72%
Fair value	1.6 cents	2.4 cents	3 cents
Rights remaining at 30 June 2017	825,000	825,000	850,000

(ii) Estimated vesting period

Historical volatility of a basket of similar entities has been the basis for determining expected share price volatility as it is assumed that this is indicative of future volatility, which may not eventuate.

As set out in the above table, the expense recognised during the year for employee services received in relation to equity settled share based payment transactions was $23,661 (2016: Nil).

NOTES TO THE FINANCIAL STATEMENTS

continued

NOTE 15 – ACCUMULATED LOSSES

	2017 $	2016 $
Accumulated losses at the beginning of the year	(19,920,168)	(15,081,905)
Net profit/(loss) attributable to members of the parent entity	406,615	(4,427,249)
Reclassification to profit or loss upon disposal of discontinued operations	-	(411,014)
Accumulated losses at the end of the year	**(19,513,553)**	**(19,920,168)**

No dividends were paid or declared during the year.

NOTE 16 – CONTROLLED ENTITIES

Name of Entity	Country of Incorporation	Ownership Interest 2017	Ownership Interest 2016
Parent entity			
Medical Australia Limited	Australia		
Directly controlled subsidiaries of Parent			
BMDI Pty Ltd	Australia	100%	100%
BMDi TUTA Healthcare Pty Ltd	Australia	100%	100%
Bio Medical Developments International Pty Ltd	Australia	70%	70%
MediVet Pty Ltd	Australia	100%	100%
MediVet Holdings International Pty Ltd *	Australia	N/A	100%
BMDI Tuta Healthcare UK Ltd	United Kingdom	100%	100%

*this entity was de-registered in the period

NOTES TO THE FINANCIAL STATEMENTS

continued

NOTE 17 – PARENT ENTITY DISCLOSURE

	2017 $	2016 $
Financial Position		
Assets		
Current assets	20,872	121,812
Non-current assets	9,462,630	9,593,734
Total assets	9,483,502	9,715,546
Liabilities		
Current liabilities	47,680	63,566
Non-current liabilities	72,000	72,000
Total liabilities	119,680	135,566
Equity		
Issued capital	26,753,918	26,753,918
Equity remuneration reserve	170,031	146,370
Accumulated losses	(17,560,127)	(17,320,308)
Total equity	9,363,822	9,579,980
Financial Performance		
Loss for the year	(239,819)	(768,727)
Other comprehensive income	-	-
Total loss for the year	(239,819)	(768,727)

Despite the deficiency in net current assets at 30 June 2017, the parent company can call on the financial resources of the Group to ensure that it can pay its debts as and when they fall due.

NOTE 18 – FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. These policies are reviewed regularly to reflect changes in market conditions and the Group's activities.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, interest rate risk and currency risk. The details below present information about the Group's exposure to each of these risks, their objectives, policies and processes for measuring and managing risk, the management of capital and financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

continued

NOTE 18 – FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk

Credit risk arises mainly from the risk of counterparties defaulting on the terms of their agreements. The carrying amounts of the following assets represent the Group's maximum exposure to credit risk in relation to financial assets:

	2017 $	2016 $
Cash and cash equivalents	1,547,586	860,711
Trade and other receivables	1,470,208	1,580,940
	3,017,794	**2,441,651**

Cash and cash equivalents

The Group mitigates credit risk on cash and cash equivalents by only dealing with regulated banks in Australia, and the United Kingdom.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the healthcare industry and country, in which customers operate, has less of an influence on credit risk. Approximately 11.1% (2016: 11.5%), of the Group's revenue is attributable to sales transactions with one major customer.

The Group's maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	2017 $	2016 $
Australia	1,401,774	1,420,957
United Kingdom	48,084	159,983
	1,449,858	**1,580,940**

NOTES TO THE FINANCIAL STATEMENTS

continued

NOTE 18 – FINANCIAL RISK MANAGEMENT (CONTINUED)

The ageing of the Group's trade receivables at the reporting date was:

	Gross 2017 $	Impairment 2017 $	Gross 2016 $	Impairment 2016 $
Not past due	890,332	-	1,088,673	-
Past due 30-60	450,597	-	403,707	-
Past due 61-90	103,548	-	14,038	-
Due 90+	18,585	(13,204)	112,920	(84,904)
	1,463,062	**(13,204)**	**1,619,338**	**(84,904)**

An impairment provision of $13,204 exists at 30 June 2017 (2016: $84,904) against customer debts where in the opinion of management, there is a material risk of not collecting those debts.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of financial assets and financial liabilities:

NOTES TO THE FINANCIAL STATEMENTS

continued

NOTE 18 – FINANCIAL RISK MANAGEMENT (CONTINUED)

	Carrying amount $	Less than one year $	Between one and five years $	More than five years $
30 June 2017				
Financial liabilities				
Trade and other payables	1,281,659	1,281,659	-	-
Interest bearing liabilities	-	-	-	-
Total contractual outflows	1,281,659	1,281,659	-	-
Financial assets				
Cash and cash equivalents	1,547,586	1,547,586	-	-
Trade and other receivables	1,470,208	1,470,208	-	-
Total anticipated inflows	3,017,794	3,017,794	-	-
Net inflow on financial instruments	**1,736,135**	**1,736,135**	**-**	**-**
30 June 2016				
Financial liabilities				
Trade and other payables	2,085,696	2,085,696	-	-
Interest bearing liabilities	-	-	-	-
Total contractual outflows	2,085,696	2,085,696	-	-
Financial assets				
Cash and cash equivalents	860,711	860,711	-	-
Trade and other receivables	1,580,940	1,580,940	-	-
Total anticipated inflows	2,441,651	2,441,651	-	-
Net inflow on financial instruments	**355,955**	**355,955**	**-**	**-**

Ultimate responsibility for liquidity management rests with the Board of Directors. The Group manages liquidity risk by maintaining adequate funding and monitoring of future rolling cash flow forecasts of its operations, which reflect management's expectations for the settlement of financial assets and liabilities.

Interest rate risk

The Group's Statement of Comprehensive Income is affected by changes in interest rates due to the impact of such changes on interest income from cash and cash equivalents, interest bearing security deposits together with interest expense on the interest bearing liabilities.

At balance date, the Group had the following mix of financial assets and financial liabilities exposed to variable interest rate risk that are not designated as cash flow hedges:

NOTES TO THE FINANCIAL STATEMENTS

continued

NOTE 18 – FINANCIAL RISK MANAGEMENT (CONTINUED)

	Interest Rate 2017	Interest Rate 2016	2017 $	2016 $
Cash	-	-	997,824	810,949
Term deposits	1.75%	2.66%	549,762	49,762
Financial assets			1,547,586	860,711
Financial liabilities			-	-
Net financial exposure			**1,547,586**	**860,711**

Interest rate sensitivity analysis

The following analysis indicates the effect of a 1% or 100 basis point increase or decrease in nominal interest rates, based on exposures in existence at the reporting date, and holding all other variables constant. This represents management's assessment of the reasonably possible change in interest rates as at that date.

	2017 $	2016 $
Change in Net Profit		
Interest rise by 1% (100 basis points)	5,498	498
Interest cut by 1% (100 basis points)	(5,498)	(498)
Change in Equity		
Interest rise by 1% (100 basis points)	5,498	498
Interest cut by 1% (100 basis points)	(5,498)	(498)

Currency risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than Australian dollars, being the respective functional currencies of the Group's entities. During the year ended 30 June 2017 approximately 87% (2016: 84%) of the Group's sales were denominated in AUD with the remaining balance in USD. Approximately 94% of the Group's purchases were in foreign currencies, approximately 91% in USD with the remainder in JPY and EURO.

A sensitivity analysis based on the trade payables as at 30 June 2017 with currencies other than Australian dollars is provided:

NOTES TO THE FINANCIAL STATEMENTS

continued

NOTE 18 – FINANCIAL RISK MANAGEMENT (CONTINUED)

	Amount $	Exchange Rate at 30 June 2017	AUD Equivalent $	10% Unfavourable Movement $
Trade payables				
JPY	649,995	86.16	7,544	8,382
USD	105,524	0.7692	137,186	152,429
			144,730	160,811
Reduction in earnings				**(16,081)**
Trade receivables				
USD	82,124	0.7692	106,766	97,060
Reduction in earnings				**(9,706)**

The Company is party to a number of foreign exchange forward contracts which are taken out as protection against possible future falls in the value of the Australian dollar. The fair value of these contracts as at 30 June has been measured and following which, there was found to be no requirement to make any fair value adjustment to the Statement of Comprehensive Income. The Company's hedging activities have been assessed under AASB 9 and do not meet the criteria under which hedge accounting is required to be done by that standard.

Capital management

The Board ensures costs are not incurred in excess of available funds. There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

The gearing ratio at year end was as follows:

	2017 $	2016 $
Financial assets		
Debt (i)	-	-
Cash and cash equivalents	1,547,586	860,711
Net debt	-	-
Equity (ii)	7,378,011	6,919,570
Net debt to equity ratio	-	-

(i) Debt is defined as long-term and short-term borrowings

(ii) Equity includes all capital and reserves and non-controlling interest

NOTES TO THE FINANCIAL STATEMENTS

continued

NOTE 18 – FINANCIAL RISK MANAGEMENT (CONTINUED)

Net fair values of financial assets and liabilities

Financial Instruments

Some of the Group's financial assets and liabilities are measured at fair value at the end of each reporting period. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets.

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – the value is estimated using inputs for the asset or liability that are not based on observable market data.

The following table gives information about how the fair value of these financial assets and liabilities were determined, in particular the valuation technique and inputs used.

Financial asset/liabilities	Fair value at 30 June 2017 $	Fair value at 30 June 2016 $	Fair value hierarchy	Valuation technique
Forward exchange contracts	(190)	(5,777)	Level 2	Price comparison to similar instruments

Quoted market price represents the fair value determined based on quoted prices in active markets as at the reporting date without any deduction for transaction costs. The fair value of the listed equity investments are based on quoted market prices.

For financial instruments not quoted in active markets, the Group uses valuation techniques such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

Financial instruments that use valuation techniques with only observable market inputs or unobservable inputs that are not significant to the overall valuation include interest rate swaps, forward commodity contracts and foreign exchange contracts not traded on a recognised exchange.

There were no transfers between Level 1 and Level 2 during the year.

The carrying amounts of all other financial assets and liabilities approximate their net fair values.

NOTES TO THE FINANCIAL STATEMENTS

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NOTE 19 – CASH FLOW INFORMATION

	2017 $	2016 $
a. Reconciliation of net (loss)/profit for the year to net cash flows used in operating activities		
Profit/(Loss) for the year before non-controlling interest	406,615	(4,838,263)
Adjustments for:		
Depreciation and amortisation of non-current assets	141,495	178,487
Expense recognised in respect of equity-settled share-based payments	23,661	-
Loss from discontinued operations	-	3,597,546
Other movements	(3,787)	103,780
Movements in working capital (net of movements arising from business combinations)		
Decrease / (increase) in trade and other receivables	110,732	278,103
Decrease / (increase) in inventories	830,562	37,972
Decrease / (increase) in other assets	(30,188)	425,232
Increase /(decrease) in other provisions	51,933	38,280
Increase /(decrease) in trade and other payables	(775,144)	272,469
Net cash generated in operating activities	**755,879**	**93,606**

b. Non- cash financing and investing activities

There were no financing or investing activities in the year which were of a non-cash nature.

NOTES TO THE FINANCIAL STATEMENTS
continued

NOTE 20 – DIRECTORS AND KEY MANAGEMENT PERSONNEL DISCLOSURES

Individual directors and executives compensation disclosures

Information regarding individual directors and executives' compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 are provided in the Remuneration Report Section of the Directors' report.

Summary of remuneration of Directors & Key Management Personnel:

Year	Short term salary, bonus, fees and leave $	Post-employment benefits $	Other long term benefits $	Share based payment expense $	Total $
2017	1,050,986	89,063	39,076	23,661	1,202,786
2016	1,183,924	86,149	10,187	-	1,280,260

Short term salary, bonus, fees and leave

These amounts include fees and benefits paid to the non-executive Chairman and non-executive directors as well as salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits

These amounts are the current-year's costs of providing for superannuation contributions under the Government's superannuation guarantee scheme.

Other long term benefits

These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments.

Share based payment expense

These amounts represent the expense related to the participation of specified executives in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

Further information in relation to KMP remuneration can be found in the Directors' Report.

NOTES TO THE FINANCIAL STATEMENTS
continued

NOTE 21 – RELATED PARTY TRANSACTIONS

At balance date, the following amounts were receivable/(payable) between group companies:

	2017 $	2016 $
Receivable/(payable) between group companies and the parent entity		
BMDi Pty Limited	4,151,437	4,151,437
BMDi Tuta Healthcare Pty Ltd	6,449,134	6,580,238
Bio Medical Developments International Pty Limited	1,674,574	1,674,574
Medivet Pty Ltd	(72,000)	(72,000)
Receivable/(payable) to BMDI Tuta Health Care Pty Limited by:		
BMDI Tuta Healthcare UK Ltd	12,023	166,971
Receivable/(payable) to Medivet Pty Ltd by:		
BMDI Tuta Healthcare UK Ltd	48,818	51,980

These amounts are interest free, unsecured, have no fixed term of repayment and are repayable out of future profits. The decrease in the receivable due from BMDi Tuta is a result of certain expenses such as ASX listing and other corporate fees, being paid by BMDi Tuta Healthcare on the parent company's behalf. All amounts were recharged at cost.

The Company has contracted on commercial, arm- length terms with Rachel Jones, the wife of Michael Jones, General Manager of Operations, to provide clinical consulting services in respect of the Company's Ardo business. During the year, the amount incurred for services rendered and paid to Rachel Jones was $112,809.09. There are no amounts receivable from or payable to related parties of the Group at balance date. Payments to Directors and key management personnel for services rendered in the period ended 30 June 2017 were on normal commercial arm's-length terms. Details can be found in the Audited Remuneration Report in the Directors Report.

NOTES TO THE FINANCIAL STATEMENTS

continued

NOTE 22 – SEGMENT REPORTING

During the year the Group operated within the Human health care industry in Australia, Asia, and United Kingdom. During the comparative year, the Group also operated for part of that year within the Animal Healthcare industry in Australia and the United States.

Geographical segments 30 June 2017	Australia $	Asia $	New Zealand $	United Kingdom $	Unallocated $	Consolidated $
Revenue						
External segment income	11,424,237	663,053	477,512	266,714	324,440	13,155,956
Interest income	613	-	-	-	-	613
	11,424,850	663,053	477,512	266,714	324,440	13,156,569
Other Revenue – R&D Incentive	76,882	-	-	-	-	76,882
Interest expense	(18,479)	-	-	-	-	(18,479)
Depreciation	(141,495)	-	-	-	-	(141,495)
Result						
Net profit/(loss)	234,249	13,596	9,791	142,326	6,653	406,615
Assets						
Segment assets	8,911,990	-	-	130,783	-	9,042,773
Non-current assets acquired during the year:						
Software	25,991	-	-	-	-	25,991
Furniture & Fittings	1,087	-	-	-	-	1,087
Office equipment	20,882	-	-	-	-	20,882
Tooling	19,457	-	-	-	-	19,457
Intangible assets	3,818	-	-	-	-	3,818
	71,235	-	-	-	-	71,235
Segment liabilities	1,695,806	-	-	140	-	1,695,946

Division of the Group's results and assets into geographical segments has been ascertained by direct identification of revenue cost centres. Asia includes China, India, Indonesia, Malaysia, Singapore and Thailand and primarily represents sales of components to our suppliers. There are no intersegment revenue transactions. The major products are IV systems, safety, blood banking, surgical, anaesthesia and also in the comparative year, animal stem cell products.

NOTES TO THE FINANCIAL STATEMENTS

continued

NOTE 22 – SEGMENT REPORTING (CONTINUED)

Geographical segments 30 June 2016	Australia $	Asia $	United States $	United Kingdom $	Unallocated $	Consolidated $
Revenue						
External segment income	10,963,920	588,054	1,426,842	391,141	745,648	14,115,605
Interest income	1,325	-	-	-	-	1,325
	10,965,245	588,054	1,426,842	391,141	745,648	14,116,930
Less: Revenue from discontinuing operations	(253,328)	(730)	(1,426,842)	(9,421)	(5,346)	(1,695,667)
Revenue from continuing operations	10,711,917	587,324	-	381,720	740,302	12,421,263
Interest expense	(9,322)	-	-	-	-	(9,322)
Depreciation	(159,256)	-	(16,485)	(2,746)	-	(178,487)
Tax benefit	34,504	-	-	-	-	34,504
Result						
Total segment result after tax	(3,845,155)	-	(1,012,295)	19,187	-	(4,838,263)
Net loss/(profit) from discontinued operations	4,108,236	-	1,012,295	129,490	-	5,250,021
Net profit/(loss)	263,081	-	-	148,677	-	411,758
Assets						
Segment assets	9,190,875	-	-	176,745	-	9,367,620
Non-current assets acquired during the year:						
Plant & Equipment	135,125	-	-	-	-	135,125
Furniture & Fittings	15,568	-	-	-	-	15,568
Office equipment	37,408	-	-	-	-	37,408
Motor vehicles	9,772	-	-	-	-	9,772
Intangible assets	58,561	-	-	-	-	58,561
	256,434	-	-	-	-	256,434
Segment liabilities	2,437,015	-	-	11,035	-	2,448,050

NOTES TO THE FINANCIAL STATEMENTS

continued

NOTE 23 – COMMITMENTS

	2017 $	2016 $
Operating lease commitments		
Within 1 year	178,875	209,004
Between 1 and 5 years	30,469	171,402
Over 5 years	-	-
Total operating lease commitments	**209,344**	**308,406**

The above lease commitments are in respect of the Company's head office at Lidcombe, NSW. The lease was renegotiated on similar terms with no further increases during the terms increases on identical terms during the period and now has an expiry date of 30 April 2018.

NOTE 24 – EVENTS SUBSEQUENT TO BALANCE DATE

On 10 August, 2017, the Company announced that it had entered into a Scheme Implementation Agreement ("the Scheme") with ICU Medical Inc. Under the Scheme, ICU Medical Inc. will offer to acquire all the shares in Medical Australia Limited through a Scheme of Arrangement for a cash consideration of $0.086 per share. The Company's board has unanimously recommended the bid. There are no other events which have occurred subsequent to balance date and up to the date of this report that might affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

NOTE 25 – AUDITORS' REMUNERATION

	2017 $	2016 $
Remuneration of the auditor of the parent entity for:		
Auditing or reviewing the financial report	76,756	75,307
Non-audit services: share registry, tax compliance & other	37,029	73,862
	113,785	148,899
Remuneration of other auditors of subsidiaries for:		
Auditing or reviewing the financial report of subsidiaries	8,436	48,654
Non-audit services: taxation, other	4,049	3,614
	12,485	52,268
Total auditors' remuneration	**126,270**	**201,167**

DIRECTORS' DECLARATION

In the opinion of the Directors of Medical Australia Limited ('the Company'):

1)
   a) the financial statements and notes set out on pages 12 to 54 and the remuneration disclosures that are contained in the Remuneration Report in the Directors' Report, set out on pages 7 to 10, are in accordance with the Corporations Act 2001, including:
      i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and
      ii) complying with Australian Accounting Standards, (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
   b) the remuneration disclosures that are contained in the Remuneration Report in the Directors' Report comply with the Corporations Act 2001 and the Corporations Regulations 2001; and
   c) there are reasonable grounds to believe that the Company and the Group will be able to pay their debts as and when they become due and payable.

2) The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2017.

3) The Directors draw attention to Note 1 of the consolidated financial statements, which includes a statement of compliance with International Financial Reporting standards.

Signed at Sydney this 27th day of September 2017

in accordance with a resolution of the Board of Directors:

Ian Mitchell

Director

Independent Auditor's Report to the Members of Medical Australia Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Medical Australia Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

ii) complying with Australian Accounting Standards and *the Corporations Regulation 2001.*

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the 'auditor's responsibilities for the audit of the financial report' section of our report. We are independent of the entity in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key audit matter	How our audit addressed the key audit matter
Recoverable amount of goodwill for Clements and Tuta businesses ($3,809,565) Refer to note 10 to the financial report. Included in the Group's intangible assets is goodwill arising on the Tuta and Clements businesses for $3,809,565. Assessment of the recoverable amount of goodwill is considered to be a key audit matter due to the materiality of the balance and the extent of management judgement, assumptions and estimates applied in the value in use model. The most significant and sensitive judgments incorporated into the assessment of recoverable amount of goodwill include the projections of cash flows, discount rates applied and assumptions regarding the Group's ability to exploit new products.	Our audit procedures included, amongst others: ▪ We assessed management's determination of the Group's cash generating units based on our understanding of the nature of the Group's business and how earnings streams are monitored and reported; ▪ We assessed the appropriateness of the value in use methodology used by management to determine the recoverable amount of goodwill; ▪ We compared management's assumptions and estimates including forecast revenue, costs and growth rates, to market information, historical results and the Group's business model; ▪ We assessed the allocation of corporate overheads to the cash flow forecast; ▪ We compared the discount rate used to our view of an acceptable range based on market data, comparable companies and industry research; and ▪ We performed a sensitivity analysis on the key inputs to management's valuation model.

Other information

The directors are responsible for the other information. The other information comprises the information in Medical Australia Limited's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report that fact. We have nothing to report in this regard.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 10 of the Directors' Report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Medical Australia Limited for the year ended 30 June 2017, complies with section 300A of *the Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Nexia Sydney Audit Pty Ltd

Stephen Fisher
Director

Dated: 27th September 2017
Sydney

ADDITIONAL SECURITIES EXCHANGE INFORMATION

Additional information as at 31 August 2017 required by the Australian Stock Exchange Listing Rules and not disclosed elsewhere in this report.

Corporate Governance Statement

The Company's Corporate Governance Statement can be found at the Company's website on the following URL *www.medaust.com/irm/PDF/1575_0/corporategovernancestatement*

Substantial Shareholdings

At 31 August 2017 the Company held notices for the following substantial shareholders:

Shareholder Group	Ordinary Shares %	Ordinary Shares No.
Citicorp Nominees Pty Limited	33,033,102	24.2%
Walker Group Holdings Pty Ltd	25,166,667	18.4%
Mr Andrew Fay & Mrs Narelle Fay	15,462,567	11.3%
Garry Andrews	11,333,091	8.3%
YZJ Trading Co Pty Ltd	8,840,318	6.5%

Class of Shares and Voting Rights

The voting rights attached to ordinary shares, as set out in the Company's Constitution, are that every member in person or by proxy, attorney or representative, shall have one vote on a show of hands and one vote for each share held on a poll.

A member holding partly paid shares is entitled to a fraction of a vote equivalent to the proportion which the amount paid up bears to the issue price for the share.

Distribution of Shareholders

At 31 August 2017, the distribution of fully paid ordinary shares was as follows:

Range	Total holder	Fully paid ordinary shares	% Issued capital
1 – 1,000	107	44,719	0.03%
1,001 – 5,000	142	433,170	0.32%
5,001 – 10,000	70	595,807	0.43%
10,001 – 100,000	166	6,286,948	4.60%
100,001 and over	82	129,405,387	94.62%
	567	136,766,031	100%

At 31 August 2017, 259 shareholders held less than a marketable parcel of 6,025 shares.

Use of Cash and Assets

Since the Company's listing on the Australian Securities Exchange, the Company has used its cash and assets that it had at the time of listing in a way consistent with its stated business objectives.

Consolidated Twenty Five Largest Shareholders

At 31 August 2017 the consolidated twenty five largest quoted shareholders held 87.5% of the fully paid ordinary shares as follows:

Rank	Shareholder Group	Ordinary Shares No.	Ordinary Shares %
1	Citicorp Nominees Pty Limited	33,033,102	24.2%
2	Walker Group Holdings Pty Ltd	25,166,667	18.4%
3	Mr Andrew Fay & Mrs Narelle Fay	15,462,567	11.3%
4	Garry Andrews	11,333,091	8.3%
5	YZJ Trading Co Pty Ltd	8,840,318	6.5%
6	HSBC Custody Nominees	3,501,359	2.6%
7	Mrs Rasa Roberts	2,452,932	1.8%
8	Auckland Trust Company	2,174,340	1.6%
9	Stephen Bellamy	2,000,000	1.5%
10	Dr David George Maxwell Welsh	1,544,666	1.1%
11	Mr Ian Burnham Mitchell	1,386,382	1.0%
12	Mr Matthew Donald Deeks	1,368,000	1.0%
13	Steven J Miller & Co	1,180,000	0.9%
14	Amnicole Investments Pty Ltd	1,088,889	0.8%
15	Treplo Pty Limited	1,088,889	0.8%
16	Mr Gary Andrew Camp	1,071,000	0.8%
17	Three Pagodas Pty Ltd	1,048,889	0.8%
18	Cordato Partners	1,029,457	0.8%
19	Mr Leslie Harold Francis	916,667	0.7%
20	Mr Kenneth McDonald	733,333	0.5%
21	Mr Michael Hutchinson	733,333	0.5%
22	J P Morgan Nominees Australia	706,053	0.5%
23	Script To Screen Pty Ltd	674,781	0.5%
24	K Tierney Superannuation Pty	600,000	0.4%
25	Mr Jason Maxwell Yu	561,000	0.4%
Top 25		**119,695,715**	**87.5%**
Other		17,070,316	12.5%
Total		**136,766,031**	**100%**