

MLA records revenue of \$3.40 million for Q2 FY2017

HIGHLIGHTS

- Business grows 4.5% over prior quarter
- Result represents a 14% decrease on corresponding quarter last year (\$3.96m) following the exit from Animal Health operations

Sydney, 30 January 2017: Healthcare Company Medical Australia Limited ("MLA", the "Company") is pleased to update shareholders on its financial performance and activities for the quarter ended 31 December 2016.

Quarterly Financial Update

MLA recorded total company revenue for the quarter of \$3.40m which compares to revenue of \$3.96m in the corresponding period in FY2016 and \$3.25m in the previous quarter. As explained in past updates, it must be borne in mind that comparisons with FY16 will show a decline in revenue due to the prior year's quarter including revenue from the Medivet business. Following this quarter, comparisons with prior year quarters will be of human health revenue only as Medivet was divested in December 2015. In terms of the Company's on-going business, revenue increased 4.5% over the previous quarter and 3.1% over the corresponding quarter last year.

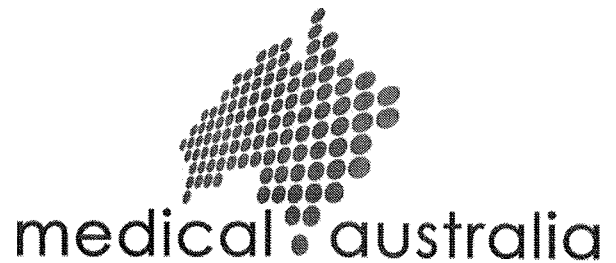
The Company generated cash of \$296K in the December quarter and is pleased to report a cash balance of \$1.03m at quarter end. Working capital at the end of the quarter was \$3.15m which is up from \$2.95m in the previous quarter. Management will continue its primary aim of driving sales as well as focussing on cost control, cost-of-sales reductions and managing foreign exchange exposure.

Business Update

The TUTA range recorded solid volumes for the quarter albeit with average selling prices slightly depressed as a result of competitive pressures in the Australian market. Further, unfavourable currency movements of the pound sterling have resulted in lower Australian dollar yields for our business in the UK. Notwithstanding this, TUTA revenues were up 1.8% over the same quarter last year.

The OEM segment performed strongly in the quarter with 33% higher sales than the prior quarter and a 24% improvement over the same period last year. This performance reinforces the strong relationship Medical Australia has with its key OEM customers which is built on a solid value proposition consisting of high quality product, reliable service and competitive pricing.

Results for the Clements Medical Equipment division were disappointing for the quarter with revenues dropping below the prior quarter and also for the same period last year (down 7.7% and 21.8% respectively). The Company is progressively updating and adding to the existing Clements range; a new portable suction pump, the CeeVac, was launched during the back half of the year and in December the Company took the first deliveries of the battery powered ACeeVac. The revamped product range will enable the Company to be more competitive in endeavouring to win market share, whilst the ACeeVac provides a lower entry price point for the Clements Range.



The Ardo range of breast pumps launched earlier in the year are rapidly gaining trial product usage, particularly in NSW and Victoria. Early indications are that a number of hospitals will specify and purchase the Ardo range during the first quarter of 2017.

Outlook

The Company continues to demonstrate solid performance across two of its three divisions; and with the third, Clements, the plans that were undertaken in the second half of 2016 will start to deliver results in the early part of 2017.

The Board and Management of MLA remains confident the Company will continue to be profitable and cash positive through the business cycle, giving it the financial flexibility to fast track its strategy to expand sales, add supply and distribution agreements, consider geographic expansion and assess accretive acquisitions. The Company maintains a focus on continually building and improving its product range in order to meet the needs of the health care sector, and building on its reputation as a trusted and reliable supplier to the industry.

MLA looks forward to updating shareholders on its operations and business initiatives, along with any material developments for the Company over the coming months.

– ENDS –

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ABOUT MEDICAL AUSTRALIA LIMITED

Medical Australia Limited (ASX: MLA) is a human healthcare company engaged in the manufacture, distribution and sale of a broad range of medical devices used by healthcare facilities and critical care services in global markets. The Company is a leader in Intravenous (IV) Medication Delivery Systems, Surgical Irrigation, Suction and Oxygen Therapy, Safety Sharps Collection and Reuse Prevention and specialised Diagnostic and Laboratory Equipment.