

MLA records revenue of \$2.94 million for Q3 FY2016

HIGHLIGHTS

- The on-going Human Healthcare business performing well with quarterly revenue of \$2.79million, an increase of 5.6% over Q3 FY2015
- The full company result represents 20% decrease on previous corresponding period (Q3 FY2015 \$3.7 million) and a 25.7% decrease on previous quarter (Q2 FY2016 \$3.96 million) following exit from Animal Health operations

Sydney, 13th April 2016: Medical Australia Limited (“MLA”, the “Company”) is pleased to update shareholders on its financial performance and activities for the quarter ended 31 March 2016.

Quarterly Financial Update

MLA recorded total company revenue for the quarter of \$2.94 million. This represents a decrease of 25.7% on the previous quarter (\$3.96 million) and a 20.0% decrease on the corresponding period in FY2015 (\$3.7 million). These decreases are almost entirely attributable to the divestment of the animal health business in December 2015.

Gross margins remain satisfactory with the recent strengthening of the Australian dollar and this, along with the Company’s prudent use of foreign exchange hedging contracts, will reduce downward pressure on margins.

The Company continues to improve its inventory management through enhanced S&OP and the on-going support of our manufacturing partners under the guidance of a recently appointed Inventory Manager. Inventories relating to continuing business have decreased by more than 11% since the same period last year on higher sales

Net cash generated by the business for the quarter was \$259,000, and is within expectations following the Company’s exit from the animal health market. The Company expects the business to be cash positive in future quarters.

Market Activities

The on-going business recorded revenue for the quarter of \$2.79 million which is a 5.6% increase over the corresponding period in FY2015. Whilst revenue is down 15.2% on the immediate past quarter, the March quarter is traditionally the quietest for hospital operations and thus demand for the Company’s products.

On a year to date basis the business continues to perform strongly with a 7.2% increase over the prior year.

The TUTA range of IV and irrigation products and accessories continues to expand its distribution base both with long-standing existing products as well as recent additions to the range. The NPulse has had strong initial acceptance by key customers and is currently being trialled in a number of leading hospitals. The DualCap range of disinfecting caps has had positive feedback and is also being trialled pending clinical acceptance.



Sales of the Clements range of portable and fixed suction equipment were lower than the previous quarter. This can be partly explained by the contract nature of the sales channel where the performance in any one period can be heavily impacted by the timing of contract orders. Sales were further impacted by the delayed launch of the replacement product for the well regarded but dated CarriVac portable suction device. The new product is now expected to be released to the market in May of this year.

Outlook

The Company is currently evaluating a number of exciting new product and distribution opportunities to be added to the Human Health business.

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.

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

Medical Australia Limited

ABN

30 096 048 912

Quarter ended ("current quarter")

31st March 2016

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (9 months) \$A'000
1.1	Receipts from customers	3,120	10,859
1.2	Payments for (a) staff costs	(623)	(2,836)
	(b) advertising and marketing	-	-
	(c) research and development	-	-
	(d) leased assets	(4)	(30)
	(e) inventory	(1,314)	(4,308)
	(f) other working capital	(842)	(3,754)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes refund (R&D tax refund)	-	26
1.7	Other (provide details if material)	-	-
Net operating cash flows		337	(43)

+ See chapter 19 for defined terms.

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Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'ooo	Year to date (9 months) \$A'ooo
1.8 Net operating cash flows (carried forward)	337	(43)
1.9 Cash flows related to investing activities		
Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	(78)	(353)
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	39
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (cash balance for acquired business)	-	-
Net investing cash flows	(78)	(314)
1.14 Total operating and investing cash flows	259	(357)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
Net financing cash flows	-	-
Net increase / (decrease) in cash held	259	(357)
1.21 Cash at beginning of quarter/year to date	352	982
1.22 Exchange rate adjustments	(3)	(17)
1.23 Cash at end of quarter	608	608

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	48
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions (\$A'000)	
	Directors Fees	48
	Professional Fees (Company Secretarial)	-
		48

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-
3.3 Bank Overdraft	-	-

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Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	558	302
4.2	Term deposits	-	-
4.3	Bank overdraft	-	-
4.4	Other (restricted cash)	50	50
Total: cash at end of quarter (item 1.23)		608	352

Acquisitions and disposals of business entities

	Acquisitions \$A'000 (Item 1.9(a))	Disposals \$A'000 (Item 1.10(a))
5.1 Name of entity		
5.2 Place of incorporation or registration		
5.3 Consideration (net of cash in entity) for disposal		
5.4 Total net assets		
5.5 Nature of business		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: 13 April 2016
 (Director/Company secretary)

Print name: Ian Mitchell

Notes

+ See chapter 19 for defined terms.

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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