



## ASX/MEDIA RELEASE

ASX: MLA 21<sup>st</sup> February 2011

### **MLA reports maiden NPAT with growth continuing**

- **HY2011 NPAT of \$136,000 – a turnaround of over \$850,000 on PCP**
- **Confirms 18% increase in revenue of \$4.6 million**
- **Gross profit margins of 59% for the half year with further improvements expected**
- **New OEM agreements pending**
- **International expansion ramping up**
- **Well placed for continued growth in second half of FY2011 and beyond**

**Sydney 21<sup>st</sup> February 2011:** Medical products manufacturer and distributor Medical Australia Limited (ASX: MLA) today announced a maiden net profit performance for the half year ended 31 December 2010 of \$136,000 (HY2010: loss of \$726,000), a turnaround of more than \$850,000 on the previous corresponding period.

As reported on 25 January, the result was achieved from revenue of \$4.6 million which was an 18 per cent improvement on the corresponding half.

The gross profit margin for the half was 59 percent (HY2010: 54%) reflecting the investment MLA has made in its supply chain. Gross margins are expected to improve further in the second half due to further reductions in freight expenses and improved inventory planning.

As previously reported, the company is now cash flow positive and well funded with \$700,000 of cash at bank.

During the half, MLA completed its investment in its global supply chain, and the company now has the manufacturing and distribution platform to sell its products into all major healthcare markets throughout the world.

The company also reported that it had secured a second Original Equipment Manufacturing (OEM) agreement during the half, with Terumo Medical of Japan formalising its partnership agreement with MLA. In early January, a third agreement with Fresenius Kabi (FK) was also secured.

MLA's Chief Executive Officer Mark Donnison said: "We are delighted to report our maiden net profit, and this marks a key turning point for MLA. Whilst a modest performance, the fact that we

have achieved a turnaround of more than \$850,000 half on half is a clear indication of the progress we have made.

“Our supply chain investment is complete and represents a major organic growth driver for MLA. We have strengthened our sales and marketing skills, and appointed distributors in international markets including the United Kingdom, Malaysia, and the Middle East to ensure we expand our sales and further capitalise on this investment.

“MLA is still at the very early stages of its OEM growth strategy with a small amount of revenue being secured in the first half. Revenue growth is expected to pick up significantly in the second half, primarily from the contribution of the MediVet OEM agreement.”

### **Outlook**

Mr. Donnison said MLA is well placed for growth for the remainder of FY2011 with revenue and earnings weighted to the second half of the year, due primarily to the contribution of the recently secured OEM agreements and revenue from new markets.

“We expect profitability to increase in the second half of the year, and the organic growth opportunities represent good prospects for MLA.

“OEM agreements are also an area of focus for the company and we are pursuing a number of new partnerships. Our success with three partners thus far has given us greater visibility in the global healthcare sector as a solid and dependable OEM partner. We intend to capitalise on this visibility.

“International sales only account for 14% of total revenue, and our immediate priority is to expand sales in high margin markets such as the Middle East, parts of Asia and the United Kingdom. Early signs have been encouraging.

“We reiterate that MLA is still in the very early stages of profitability and the company is well placed to fast-track its growth in the current half and beyond.”

### **ENDS**

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