

MEDICAL AUSTRALIA LIMITED

A.B.N. 30 096 048 912

Appendix 4E

Australian Securities Exchange Listing Rules Disclosure

Financial Year Ended ('Current Period')	Financial Year Ended ('Previous Period')
30 June 2013	30 June 2012

Results for announcement to the market

	30 June 2013	30 June 2012	Change \$	Change %
Revenue from ordinary activities	9,152,303	9,211,228	(58,925)	Decrease 0.6%
Loss from ordinary activities attributable to members	(1,316,146)	(668,924)	(647,222)	Increase 96.8%
Net loss for the year attributable to members	(1,316,146)	(668,924)	(647,222)	Increase 96.8%

Dividends (Distributions)	Amount per security	Franked amount per security
Final Dividend	Nil	N/A
Interim Dividend	Nil	N/A
Previous corresponding period		
Final Dividend	Nil	N/A
Interim Dividend	Nil	N/A
There was no dividend reinvestment plan occurred during the financial year.		

Record Date for determining entitlements to dividends	N/A
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Brief explanation of the figures reported above and short details of any bonus or cash issue or other items of importance not previously reported to the market	See attached report
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NTA Backing	Current period	Previous corresponding period
Net Tangible Asset backing per ordinary security	(0.08 cents)	0.14 cents

Financial Report

- Sales revenue for FY13 largely in line with FY12
- Gross profit declines from 55% in FY12 to 53% in FY13
- Impairment write-down of \$301k of Clements business
- Acquisition of Medivet Pty Ltd announced pending capital raise
- Commercialisation of MPTS360 (masks) take place in FY13

Financial Results

Medical products manufacturer and distributor Medical Australia Limited today reports sales reached \$9.15m in financial year 2013, which is largely in line with previous year (2012: \$9.21m). Gross profit was \$4.84 million (2012 - \$5.12 million). The Company recorded a net loss of \$1,316k compared to a \$668k net loss for the previous year.

During the year a supply agreement was reached with a high profile multinational company worth in the vicinity of \$600k in revenue, business with one of our key customers Terumo grew by 31% compared to previous year thereby strengthening our long-standing relationship and the Company commercialised a new product named MPTS360 (Multi-Purpose Training System) which nebulises medications and provides hyperoxic and hypoxic training to horses and camels with an initial order for some \$300k to be filled in the coming 12 months. The contribution from the Company's top 20 customers increased by 4% over the previous financial year suggesting that our major client base continues to support the underlying business.

Gross Profit for the year was at 53% which declined from 55% in the previous financial year as a result of provisioning for out-dated and faulty stock (accounting for 63% of the difference with the balance being increased raw material costs).

Acquisition costs of Medivet Pty Ltd and associated capital raising costs and facility establishment costs of \$470k was incurred, however absent from the previous financial year.

A loss of \$1,316k was recognised by the Company in the current financial year being \$647k worse than previous year. An impairment write-down of \$301k has been included in the 2013 financial results. With the absence of the acquisition, capital raising and facility establishment costs, the Net Loss would have been \$846k.

In addition, the Company made debt repayments (principal and interest) of \$662k (excluding debtor finance payments) during the year.

Outlook

The outlook for the 2014 financial year presents a very exciting opportunity for the company. The acquisition of Medivet Pty Ltd, premised on a successful capital raise, will provide a new direction and a transformation to the company in its existing form. As well as the acquisition, the planned to set up of a new manufacturing and distribution facility will address the supply chain issues which the Company has been facing over a number of years including loss of sales, supply shortages and a reduced cost base. Having greater control of its supply chain and increased

capacity will provide the company with greater options to implement its distribution strategies worldwide and support the merged entities aggressive growth plans.

An operations review of the business was carried out and as a result there will be headcount reductions totalling \$538k on an annual basis moving forward. With the reduced headcount and streamlining of resources, the Company is in a position to capitalise on its core activities and provide more efficient service to its key customers.

The Company has also been given shareholder approval to share consolidate on a one to ten basis which will provide administration efficiencies.

The Board and Management would like to thank all of its shareholders for their continued support to the business. We will provide some more details on the capital raising in due course.

A handwritten signature in black ink, appearing to be 'Mark Donnison', written in a cursive style.

Mark Donnison

CEO & Managing Director

Dated this 30th of August 2013

The attached Financial Report, which forms part of this Appendix 4E, is in the process of being audited. We understand the audit report is likely to include an emphasis of matter regarding going concern.

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2013

		Consolidated	
		2013	2012
	Notes	\$	\$
Sale of goods		9,152,303	9,211,228
Cost of goods sold		(4,312,988)	(4,086,706)
Gross profit		4,839,315	5,124,522
Expenses:			
Administration and consultants	2	(971,803)	(878,326)
Depreciation and amortisation		(220,797)	(273,471)
Impairment write down	6	(301,151)	-
Employee benefits expenses		(3,086,810)	(3,209,357)
Travel and accommodation		(446,350)	(449,392)
Occupancy costs		(469,029)	(437,868)
Advertising and marketing		(27,146)	(73,512)
Other		(535,522)	(464,857)
Loss before interest and income tax		(1,219,293)	(662,261)
Financial income		5,589	27,146
Financial expense		(163,349)	(156,526)
Net financing loss		(157,760)	(129,380)
Loss before income tax		(1,377,053)	(791,641)
Income tax benefit	3	60,907	122,717
Loss for the year after income tax		(1,316,146)	(668,924)
Other comprehensive income after income tax			
Exchange differences on translating foreign controlled entity		(32,760)	2,561
Total comprehensive loss for the year		(1,348,906)	(666,363)
Basic loss per share attributable to ordinary shareholders (cents per share)	4	(0.29) cents	(0.15) cents
Diluted loss per share attributable to ordinary shareholders (cents per share)	4	(0.29) cents	(0.15) cents

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Consolidated Statement of Financial Position
As at 30 June 2013

		2013	Consolidated	2012
	Notes	\$		\$
CURRENT ASSETS				
Cash and cash equivalents	5	129,134		578,221
Trade and other receivables		869,918		920,925
Inventories		985,373		1,258,769
Current tax receivables		90,000		122,717
Other assets		248,911		42,222
TOTAL CURRENT ASSETS		<u>2,323,336</u>		<u>2,922,854</u>
NON-CURRENT ASSETS				
Property, plant and equipment		194,093		297,700
Intangible assets	6	3,987,645		4,333,694
TOTAL NON-CURRENT ASSETS		<u>4,181,738</u>		<u>4,631,394</u>
TOTAL ASSETS		<u>6,505,074</u>		<u>7,554,248</u>
CURRENT LIABILITIES				
Trade and other payables		1,230,546		1,280,074
Interest bearing liabilities	7	1,350,070		550,854
Provisions		296,772		317,772
TOTAL CURRENT LIABILITIES		<u>2,877,388</u>		<u>2,148,700</u>
NON-CURRENT LIABILITIES				
Interest bearing liabilities	7	-		434,826
Provisions		20,431		14,561
TOTAL NON-CURRENT LIABILITIES		<u>20,431</u>		<u>449,387</u>
TOTAL LIABILITIES		<u>2,897,819</u>		<u>2,598,087</u>
NET ASSETS		<u>3,607,255</u>		<u>4,956,161</u>
EQUITY				
Issued capital	8	18,476,311		18,476,311
Equity remuneration reserve		131,410		131,410
Foreign Currency translation reserve		(30,199)		2,561
Accumulated losses	9	(14,970,267)		(13,654,121)
TOTAL EQUITY		<u>3,607,255</u>		<u>4,956,161</u>

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Consolidated Statement of Changes in Equity
For the year ended 30 June 2013

	Issued capital	Equity Remuneration Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2011	17,249,844	110,358	-	(12,985,197)	4,375,005
Loss for the year	-	-	-	(668,924)	(668,924)
Other comprehensive income	-	-	2,561	-	2,561
Total comprehensive loss	-	-	2,561	(668,924)	(666,363)
Cost of share based payments	-	21,052	-	-	21,052
Equity contributions	1,226,467	-	-	-	1,226,467
Balance at 30 June 2012	18,476,311	131,410	2,561	(13,654,121)	4,956,161
Loss for the year	-	-	-	(1,316,146)	(1,316,146)
Other comprehensive income	-	-	(32,760)	-	(32,760)
Total comprehensive loss	-	-	(32,760)	(1,316,146)	(1,348,906)
Balance at 30 June 2013	18,476,311	131,410	(30,199)	(14,970,267)	3,607,255

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Consolidated Statement of Cash Flows

For the year ended 30 June 2013

		Consolidated	
		2013	2012
	Notes	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		9,387,806	9,464,814
Paid to suppliers and employees		(10,101,717)	(10,077,939)
Cash (used by) operations		(713,911)	(613,125)
Interest paid		(155,990)	(138,845)
Interest received		6,081	27,756
R&D tax refund		93,624	-
Net cash used in operating activities	11	(770,196)	(724,214)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(42,773)	(177,863)
Net cash used in investing activities		(42,773)	(177,863)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	958,734
Proceeds from borrowings		5,509,190	-
Repayment of borrowings		(5,145,308)	(306,733)
Net cash provided by financing activities		363,882	652,001
Net (decrease) / increase in cash and cash equivalents		(449,087)	(250,076)
Cash and cash equivalents at the beginning of the year	5	578,221	828,297
Cash and cash equivalents at the end of the year	5	129,134	578,221

MEDICAL AUSTRALIA LIMITED AND ITS CONTROLLED ENTITIES

Notes to the financial statements **For the year ended 30 June 2013**

Note 1 – Basis of Presentation

Statement of compliance

The financial information in this preliminary financial report does not include all notes of the type normally included with the annual financial report and therefore cannot be expected to provide a full understanding of the statement of comprehensive income, statement of financial position statement of changes in equity and statement of cash flows of the consolidated entity.

(a) Basis of Accounting

There have been no material adjustments to the accounting policies of the Group since 30 June 2012.

The Group has not elected to early adopt any new standards or amendments.

Going concern

The financial report has been prepared on a going concern basis which contemplates the realisation of assets and settlement of liabilities in the ordinary course of business.

The Group incurred a trading loss of \$1,316,146 for the year ended 30 June 2013 (2012 - loss of \$668,924) and has accumulated losses of \$14,970,267 and current liabilities exceeded current assets by (\$554,052) as at that date.

These conditions give rise to a material uncertainty that may cast doubt upon the ability of the Group to continue as a going concern and its ability to realise its assets and extinguish its liabilities in the ordinary course of business. The ongoing operation is dependent on the Group increasing its revenue from both existing businesses and through capital raising.

The Directors have plans in place such as the divestment of the Clements business, which if successful in their execution, should see the Group continue to meet its debts as and when they become due and payable. The ongoing operation is dependent on the Group deriving positive cashflows from operations; receiving continued support from its financiers; a realisation of the Clements division assets and further capital raising in the short term.

Management has prepared a cash flow forecast for the 15 months ending September 2014 that supports the ability of the entity to continue as a going concern. The cash flow forecast assumes a 12% increase in sales, the extension of the debt financing facility, the extension of the Pacific Device loan and the sale of the Clements business. The Directors are presently satisfied that the cash flow forecast will be achieved and consequently believe the preparation of these financial statements on a going concern basis is appropriate.

In the event that the consolidated entity does not achieve the above, it may not be able to continue operations as a going concern and therefore may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the financial statements.

No adjustments have been made to the recoverability and classification of recorded asset values and the amount and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Notes to the financial statements
For the year ended 30 June 2013

Note 2 – Loss from operating activities

	2013 \$	Consolidated 2012 \$
The following expense items are relevant in explaining the financial performance for the year:		
Administration and consultants expenses:		
- General and administrative	388,392	378,225
- Legal fees	6,627	204,452
- Consultancy fees	292,377	295,649
- Due diligence costs	137,304	-
- Capital raising costs	147,103	-
	<u>971,803</u>	<u>878,326</u>
 Audit and review of financial reports	 67,467	 68,012
 Impairment write down	 301,151	 -
 Foreign exchange gain	 (23,035)	 (62,237)

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Notes to the financial statements
For the year ended 30 June 2013

Note 3 – Income taxes benefit

	Consolidated	
	2013	2012
	\$	\$
Numerical reconciliation between income tax benefit and pre-tax net loss		
Loss before tax – continuing operations	(1,377,053)	(791,641)
Income tax using the domestic corporation tax rate of 30%	(413,116)	(237,492)
Increase / (decrease) in income tax expense due to:		
- Non-deductible expenses	69,496	88,155
- Non-deductible impairment write down	90,345	-
- Difference in international tax rates	15,795	9,632
- Effect of tax losses brought to account	-	-
- Effect of tax losses not brought to account	237,480	139,705
- Research & Development tax offset	60,907	122,717
Income tax benefit	60,907	122,717

Note 4 – Loss per share

	Consolidated	
	2013	2012
	\$	\$
Loss after income tax used to calculate basic and dilutive EPS	(1,316,146)	(668,924)
	Number	Number
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and dilutive EPS	453,925,832	450,033,049

NOTE 5 – CASH AND CASH EQUIVALENTS

	Consolidated	
	2013	2012
	\$	\$
Cash at bank and on hand	20,134	469,221
Term deposits	109,000	109,000
	129,134	578,221

Term Deposits are security for bank guarantee for the office leases.

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Notes to the financial statements
For the year ended 30 June 2013

Note 6 – Intangible Assets

	2013 \$	Consolidated 2012 \$
Goodwill – TUTA Healthcare	3,409,564	3,409,564
Goodwill on acquisition – Clements	400,000	701,151
	<u>3,809,564</u>	<u>4,110,715</u>
Product Development Costs – Gross	359,179	359,179
Less: Accumulated amortisation	(181,098)	(136,200)
Product Development Costs – Net	<u>178,081</u>	<u>222,979</u>
	<u>3,987,645</u>	<u>4,333,694</u>

An impairment test for goodwill has been separately performed for the Tuta and Clements businesses as at 30 June 2013. An impairment write-down of \$301,151 was recognised for Clements in the financial statements. The remaining \$400,000 being the fair value of the Clements business as the Company has decided to divest this business.

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 2013, specific product development costs capitalised as intangible assets have a carrying value of \$178,081 (2012: \$222,979).

Note 6 – Interest bearing liabilities

	2013 \$	Consolidated 2012 \$
Current		
Bank loan – secured (i)	-	276,000
Loans (ii)	418,614	274,854
Debtor finance facility (iii)	931,456	-
Total	<u>1,350,070</u>	<u>550,854</u>
Non-current		
Loans	<u>-</u>	<u>434,826</u>

(i) The National Australia Bank short-term loan facility was fully repaid on 8 November 2012 using the proceeds from the debtor finance facility.

(ii) On 3 August 2010, the Group entered into a loan agreement of \$1,000,000 with Pacific Device Pty Ltd, maturing on 1 August 2013. The Group currently repays \$30,000 in principal and interest on a monthly basis with the balance of the loan to be repaid at the maturity.

MEDICAL AUSTRALIA LIMITED AND ITS CONTROLLED ENTITIES

Notes to the financial statements For the year ended 30 June 2013

Note 7 – Interest bearing liabilities (Cont'd)

(iii) During November 2012, the Company implemented a receivables financing facility with Moneytech Finance Pty Ltd which is secured by charge over the Company and all controlled and associated entities. The facility expires in November 2013, subject to renewal.

The limit on the finance facility is \$1,000,000.

The amount drawn against this facility at 30 June 2013 was \$931,456.

Note 8 – Issued Capital

	2013 No.	2013 \$	2012 No.	2012 \$
Fully paid ordinary shares				
Balance at the beginning of the year	453,925,832	18,476,311	392,564,953	17,249,844
Options exercised in July 2011 at \$0.02 per share	-	-	47,239,181	944,784
Options exercised in August 2011 at \$0.02 per share	-	-	3,000,000	60,000
Options underwritten in August 2011 at \$0.02 per share	-	-	10,871,698	217,433
Shares issued to employees on 30 April 2012 at \$0.017 per share	-	-	250,000	4,250
Balance at the end of the year	453,925,832	18,476,311	453,925,832	18,476,311

Issued capital as at 30 June 2013 amounted to \$18,476,311 (453,925,832 ordinary shares). There were no movements in the issued capital of the company in the current year.

Note 9 – Accumulated losses

	2013 \$	Consolidated 2012 \$
Accumulated losses at the beginning of the year	(13,654,121)	(12,985,197)
Net loss attributable to members of the parent entity	(1,316,146)	(668,924)
Accumulated losses at the end of the year	(14,970,267)	(13,654,121)

Dividends

No dividends were paid or declared during the year.

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Notes to the financial statements
For the year ended 30 June 2013

Note 10 – Particulars in relation to controlled entities

Parent Entity

Medical Australia Limited is an Australian incorporated company listed on the Australian Securities Exchange.

Controlled Entities	Country of Incorporation	Ownership Interest	
		2013 %	2012 %
BMDI Pty Ltd	Australia	100	100
BMDI TUTA Healthcare Pty Ltd	Australia	100	100
Bio Medical Developments International Pty Ltd	Australia	70	70
BMDI Tuta Healthcare UK Ltd	United Kingdom	100	100

Minority interests

Minority interests have a value of \$nil, as the controlled entity has incurred operating losses in excess of its capital and the parent entity has brought to account 100% of the losses beyond the capital of the controlled entity.

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Notes to the financial statements
For the year ended 30 June 2013

**Note 11 – Reconciliation of net loss for the year to net cash flows
used in operating activities**

	2013 \$	Consolidated 2012 \$
Loss for the year	(1,316,146)	(668,924)
Adjustments for:		
Depreciation and amortisation of non-current assets	220,797	273,471
Impairment write down	301,151	-
Reversal of THI / Multigate provision	-	(101,745)
Expense recognised in respect of equity-settled share-based payments	-	21,052
Other movements	(60,907)	-
Movements in working capital		
Decrease / (increase) in trade and other receivables	83,724	(76,718)
Decrease / (increase) in inventories	273,396	(368,936)
Increase in other assets	(206,688)	(27,550)
(Decrease) / increase in other provisions	(15,130)	83,626
(Decrease) / increase in trade and other payables	(50,393)	141,510
Net cash used in operating activities	(770,196)	(724,214)

MEDICAL AUSTRALIA LIMITED AND ITS CONTROLLED ENTITIES

Notes to the financial statements For the year ended 30 June 2013

Note 12 – Segment information

The Group operates wholly within the health care industry in Australia, New Zealand, Asia and United Kingdom.

Geographical segments 30 June 2013	Australia \$	New Zealand \$	Asia \$	United Kingdom \$	Unallocated / Eliminations \$	Consolidated \$
Revenue						
External segment income	7,965,822	358,297	502,650	87,689	237,845	9,152,303
Interest income	-	-	-	-	-	5,589
						<u>9,157,892</u>
Impairment write off	(301,151)					(301,151)
Interest expense	(163,349)					(163,349)
Depreciation expense	(196,882)			(23,915)		(220,797)
Income tax benefit	60,907					60,907
Result						
Segment result	(1,145,524)	(51,525)	(72,283)	(12,610)	(34,203)	<u>(1,316,146)</u>
Net loss	<u>(1,145,524)</u>	<u>(51,525)</u>	<u>(72,283)</u>	<u>(12,610)</u>	<u>(34,203)</u>	<u>(1,316,146)</u>
Assets						
Segment assets	8,797,611	-	-	197,358	(2,489,895)	<u>6,505,074</u>
Including non-current assets acquired during the year:						
Office equipment	-	-	-	-	-	-
Software	-	-	-	-	-	-
Furniture & Fittings	1,484	-	-	-	-	1,484
Leasehold Improvements	54,451	-	-	11,739	-	66,190
	<u>55,935</u>	<u>-</u>	<u>-</u>	<u>11,739</u>	<u>-</u>	<u>67,674</u>
Segment liabilities	<u>11,358,458</u>	<u>-</u>	<u>-</u>	<u>651,181</u>	<u>(9,111,820)</u>	<u>2,897,819</u>

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Notes to the financial statements
For the year ended 30 June 2013

Note 12 – Segment information (Cont'd)

Geographical segments 30 June 2012	Australia \$	New Zealand \$	Asia \$	United Kingdom \$	Unallocated / Eliminations \$	Consolidated \$
Revenue						
External segment income	7,719,073	427,907	655,912	119,640	288,696	9,211,228
Interest income	-	-	-	-	-	27,146
						<u>9,238,374</u>
Interest expense	(156,526)					(156,526)
Depreciation expense	(244,693)			(28,778)		(273,471)
Income tax benefit	122,717					122,717
Result						
Segment result	(560,563)	(31,075)	(47,633)	(8,688)	(20,965)	<u>(668,924)</u>
Net loss	<u>(560,563)</u>	<u>(31,075)</u>	<u>(47,633)</u>	<u>(8,688)</u>	<u>(20,965)</u>	<u>(668,924)</u>
Assets						
Segment assets	10,099,908	-	-	219,363	(2,765,023)	<u>7,554,248</u>
Including non-current assets acquired during the year:						
Office equipment	2,993	-	-	-	-	2,993
Software	17,953	-	-	-	-	17,953
Furniture & Fittings	1,043	-	-	-	-	1,043
Leasehold Improvements	31,432	-	-	104,805	-	<u>136,237</u>
	<u>53,421</u>	<u>-</u>	<u>-</u>	<u>104,805</u>	<u>-</u>	<u>158,226</u>
Segment liabilities	<u>11,607,862</u>	<u>-</u>	<u>-</u>	<u>377,172</u>	<u>(9,386,947)</u>	<u>2,598,087</u>

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 and anaesthesia products.

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

**Notes to the financial statements
For the year ended 30 June 2013**

Compliance Statement

1. This preliminary report has been prepared in accordance with Australian Accounting Standards which includes International Financial Reports Standards (AIFRS). Compliance with AIFRS ensures compliance with International Financial Reporting Standards (IFRS).
2. This preliminary report, and the accounts upon which the report is based (if separate), use the same accounting policies.
3. This preliminary report does give a true and fair view of the matters disclosed.
4. The accounts are in the process of being audited.
5. The entity has a formally constituted audit committee.



Mark Donnison
CEO & Managing Director
Dated this 30th of August 2013