



ASX/MEDIA RELEASE

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MEDICAL AUSTRALIA TO ACQUIRE LEADING MEDICAL PRODUCTS BUSINESS CARE ESSENTIALS FOR \$3.9 MILLION

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- **Business will add over \$4 million in annual revenue, immediate opportunity to expand sales through MLA's global distributor network**
 - Takes MLA's annualised revenues to +\$13.5 million
 - **Generates NPBT of more than \$1 million annually**
 - **Care Essential's team to remain with business**
 - **Significantly strengthens MLA's product portfolio**
 - **MLA to undertake capital raising to fund acquisition**
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Sydney, Australia: Medical products manufacturer and distributor **Medical Australia Limited (ASX: MLA)** today announced that it has signed a heads of agreement to acquire the business and select assets of Care Essentials Pty Ltd ("CE"), a leading Australian manufacturer and distributor of patient warming products.

MLA will acquire the business, select assets and all intellectual property for \$3.9 million. \$2.8 million will be paid upon settlement and \$1.1 million will be paid in 12 months based on certain performance hurdles being met.

CE will generate annual revenue of over \$4 million, the majority of which is earned domestically. The business has an extensive customer base with the largest customer accounting for no more than 7% of sales. The business will generate gross profit of over \$2.7 million and has a gross profit margin of more than 65%. Net profit before tax is almost \$1.1 million.

CE manufactures and distributes a range of patient warming blankets, convective warming machines and related products under the highly regarded Cocoon brand. CE also has the Australian distribution rights for Animec fluid warming products, and the Victorian distribution rights for Meditherm, a range of temperature monitoring and control products for cardiac patients.

Additionally, CE manufactures a range of veterinary patient warming products, scrub suits, dental apparel, theatre gowns, hand towels and specialised barrier additives which offer growth opportunities as part of MLA.

CE has a team of 13 people operating from leased premises in Geelong, Victoria, and MLA will retain all key people as part of the transaction. CE's Managing Director Lindsay Hasty has agreed to consult to MLA for at least 12 months and will continue to be instrumental in driving the business' growth strategy with a strong focus on developing sales in export markets.

MLA's Chief Executive Officer Mr. Mark Donnison said the CE business delivers significant and immediate benefits to MLA. "This is a company transforming acquisition for MLA. It will increase our annualised revenue to over \$13.5 million and deliver sustainable profitability for the business from this point onwards.

"The transaction is consistent with our strategy of acquiring businesses that have highly regarded brands and strengthen our supply chain. CE's range of products complement MLA's existing portfolio. We have an opportunity to immediately grow CE's domestic and international sales by promoting its products through MLA's global network of distributors. This gives CE's products visibility with a much wider potential customer base.

"Our priority is to now complete this transaction and integrate the business into MLA. We have been working closely with the CE team and the integration process is well underway. As we have previously stated, with a new and strengthened senior management team and Board now in place, and an expanded brand portfolio, MLA now has the right foundation to deliver sustainable profit growth."

MLA will undertake a capital raising in the coming month to fund this transaction and strengthen its balance sheet. The company will update shareholders in the coming weeks on the details of the capital raising.

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For more information contact:

Mark Donnison
CEO, Medical Australia
Ph: +61 2 9466 5300

Tom Hartigan
Chairman, Medical Australia
Ph: +61 2 9466 5300

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.