



## MLA well placed for growth in FY2012

- **FY2011 revenue of \$8.8 million – up 20% on prior year**
- **Net loss of \$343k after abnormal items of \$360k - compares to prior year loss of \$1.34m**
- **EBITDA of \$104k loss.**
- **Significant progress made with new supply and OEM agreements**
- **Global distribution network established**
- **Well funded with \$828k of cash at 30 June**
- **Foundation now in place for strong organic growth in FY2012**

**Sydney: 22<sup>nd</sup> August 2011:** Medical products and distribution company Medical Australia Limited (ASX: MLA) today reported a net loss for the year ended 30 June 2011 of \$343k (FY2010: a loss of \$1.34 million), a \$1 million improvement on the prior year. The result includes abnormal items of \$360k made up of one-off litigation expenses and the costs associated with the proposed transaction relating to the Care Essentials acquisition.

EBITDA was a loss of \$104k and revenue increased 20.3% to \$8.8 million (FY2010: \$7.2 million) with revenue mainly coming from new supply agreements and a minor contribution from new Original Equipment Manufacturing (OEM) agreements.

MLA made significant operational progress during the year. Through continued investment in its product supply chain, MLA secured OEM agreements with three leading healthcare companies – MediVet, Terumo Medical Corp, and Fresenius Kabi. OEM operations were a new initiative for MLA in FY2011 and they offer significant future revenue and profit upside. As well, MLA secured an agreement to distribute product for international healthcare company Haemonetics.

MLA was also successful in securing new supply agreements on commercially sensible terms with new customers in Australia and new international markets. Some highlights include a contract to supply needle cutters to UNICEF, which gives the company exposure in a number of large international healthcare markets, and a contract to supply IV consumable products to 100 Healthscope hospitals and medical centres. MLA also secured a number of smaller supply agreements and tender re-competes which have strengthened its market presence.

MLA's Chief Executive Officer Mark Donnison commented, "This has been a year of significant progress for MLA. We have strengthened our balance sheet, expanded our operations into new international markets, established a successful and growing OEM business, and secured new supply agreements with blue chip healthcare groups.

"At the beginning of the year our cash position was a bank overdraft of \$176k and we are entering FY2012 with \$828k in the bank, excluding the receipts from options of approximately \$678k post 30 June, and a fast growing revenue base.

"While the profit performance is somewhat disappointing due to some abnormal one-off items, we are confident that MLA is entering a period of sustainable profitability. Regardless, in 2011 our real achievement was putting in place a framework and foundation that will reposition MLA for solid future growth.

## Outlook

“MLA has commenced 2012 in a strong position. The company now has the necessary financial flexibility to ramp up new supply contracts and expand its OEM activities. While revenue from OEM agreements has been slower to ramp up than first anticipated, we are confident that they will be a larger revenue and earnings driver this year.

“Our focus on cost management is ongoing, and we remain vigilant in managing overheads. Capital expenditure remains low but is well balanced with continued investment in product development and enhancement.

“As announced in July, MLA was appointed Master Distributor for MediVet’s stem cell regenerative medicine in the United Kingdom, and already this is showing very promising signs of growth with encouraging levels of inquiry from veterinary practices and equine centres throughout the UK. We believe this will be a major growth platform for MLA in the UK.

“We also have a very active pipeline of tendering opportunities in Australia, and in new overseas markets through our distributor network, and we expect to announce new supply agreements shortly. As such, we firmly believe that MLA is still in the very early stages of its growth.

“In FY2012 MLA will continue to build revenue and earnings by pursuing organic growth opportunities. We also remain focused on securing distribution and supply agreements on terms that are commercially acceptable for MLA, our partners and our customers.

“With an expanding international footprint and growing recognition in human and animal healthcare markets, MLA is in the strongest position in its history to deliver profitable growth this year.”

**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.*