



ASX/MEDIA RELEASE

ASX: MLA 8th July 2010

MLA signs contract for Care Essentials acquisition

- **Due diligence completed and contract for sale signed by both parties**
 - **Acquisition completion contingent on capital raising to be approved at EGM on 15 July 2010**
 - **Expected to add \$4 million in revenue and EBIT of \$1 million**
 - **MLA's annualised revenue approaching \$14 million after completion**
 - **Transforms MLA to profitability**
 - **Near term organic growth opportunities that will substantially increase revenue**
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Sydney, Australia: Medical products manufacturer and distributor Medical Australia Limited (ASX: MLA) today announced that it has signed the contract to acquire Care Essentials Pty Ltd ("CE") as announced on 8 April 2010. Both parties have completed due diligence and the contract terms and sale terms agreed.

The final purchase price is \$3.9 million, with \$2.8 million to be paid upon settlement, and a further \$1.1 million paid in 12 months based on certain performance hurdles being met. Completion of the transaction is dependent upon a proposed capital raising for which the company is seeking shareholder approval at an Extraordinary General Meeting on 15 July 2010

As previously reported, the CE business, which is a leading Australian manufacturer and distributor of patient warming products, will add \$4 million in annualised revenue to MLA and contribute \$1 million in EBIT. Post transaction, MLA's forecast annualised revenue will be approaching \$14 million. A detailed forecast is contained in the current Rights Issue Replacement Prospectus.

MLA's Chief Executive Officer Mark Donnison said, "We are looking forward to completing this transaction in the very near future and integrating the CE team and business into MLA. CE's revenue and earnings significantly strengthen our existing operations and transform MLA into a profitable medical products manufacturer and distributor.

"In the last quarter we have stabilised the company's operations, strengthened the management team and developed a comprehensive growth strategy. These initiatives give us the foundation to now take the company to the next stage of its growth.

"As well as the CE transaction, the management team has been pursuing a number of organic growth opportunities that will significantly increase annualised revenue and future profitability. We expect to update shareholders in the very near future on recent developments."

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.