

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 2016	30 June 2015

Results for announcement to the market

	30 June 2016	30 June 2015	Change \$	Change %
Revenue from ordinary activities	14,115,605	14,856,014	(740,409)	(5.0%)
Profit/(Loss) from ordinary activities attributable to members	(4,838,263)	(216,879)	(4,621,384)	(2130.9%)
Net profit/(loss) for the year attributable to members	(4,838,263)	(216,879)	(4,621,384)	(2130.9%)

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

Record Date for determining entitlements to dividends	N/A
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NTA Backing	Current period	Previous corresponding period
Net Tangible Asset backing per ordinary security	2.20 cents	3.16 cents

Financial Report

- **Total revenue down 5% to \$14.1m due to sale of animal health business.**
- **Profit for the year after tax from continuing operations of \$411,758**
- **Result including loss from divestment of Medivet business is a loss of \$4,838,263**

Financial Results and Corporate Activities

Human healthcare company Medical Australia Limited (“MLA” the “Company”) reports for the financial year ended 30 June 2016 a net loss after tax attributable to members of \$4,838,263 compared to a loss of \$216,879 for the previous period. The Company’s result for the year has been adversely impacted by the divestment of the loss making animal health business. The reasoning behind the Company’s exit from the animal health sector was outlined in the Company’s half year report and followed an extensive process of attempting to identify interested parties in the Medivet business. Whilst the total consideration received for the sale of the Medivet business was below expectations, it has allowed the Company to direct its focus and resources entirely on the human health business.

Revenue from ordinary activities decreased 5% to \$14,115,605, however the current year contains only six months revenue from the animal health business. As mentioned above, the net loss after tax of \$4,838,263 has been driven by the sale of the Medivet business. Total losses in connection with the Medivet disposal were \$5,250,021 and include that business’ trading losses for the year and the write off of the investment in Medivet and various intercompany debts. There were no other corporate transactions, activities or changes in the Company’s issued capital in the period.

Human Healthcare

The Company’s human healthcare business has continued its impressive growth over the last few years and has increased revenues by 8% to \$12,419,938 for financial year 2016. Sales in the Company’s largest division, Tuta Direct, grew at over 13%, whilst OEM sales were 1.9% lower with price reductions affecting flat volume.

Sales in the Clements device business were down 5% and whilst slightly disappointing, the prior year’s results were augmented by some large one off sales in the Asian region. The gross margins and therefore results of the current year have been adversely affected by the decline in the value of the Australian dollar. The effects of this decline were partly felt in the prior year, however the lower Australian dollar has largely persisted throughout the entire current period.

The overall improvement in sales across the human healthcare business has largely been driven by the Company’s ongoing focus on strengthening its position and profile in the Australian market, particularly both the private and public hospital networks. This growth has been achieved by a combination of the expansion of key product ranges, the introduction of new products and improved sales force productivity.

Following this strategy, in February MLA announced that it had secured exclusive distribution rights in Australia and New Zealand for the market leading DualCap System™. The patented DualCap System™ has been clinically proven to significantly reduce instances of intravenous (IV)

associated infections, and was the first IV disinfection system of its type to be approved for use by the US Food and Drug Administration (FDA).

This agreement also aligns with the Company's focus on the area of infection control, in particular hospital acquired infections (HAI), whilst the product is also a highly complementary adjunct and enhancement to MLA's wider product range.

In May, the Company announced that it had further broadened its product range by securing an agreement with Ardo Medical AG ("Ardo") for the exclusive distribution of the Swiss manufacturer's market leading range of breast pumps in Australia and New Zealand. MLA is confident that this range of Ardo products will not only be a highly complementary addition to the Clements range, but will also strengthen the reputation of the brand which is already highly regarded in the healthcare sector in Australia.

Outlook

MLA enters financial year 2017 with a strengthened balance sheet post the finalisation of its MediVet divestment, and with a clearly defined strategy for the further growth and development of its now core human healthcare business.

As outlined above, the Company continues to assess products that are complimentary to its existing range that will further enhance and build its growing product suite. MLA remains focused on providing superior solutions in the areas of infection control and HAI's, which are a huge burden to the healthcare sector in Australia and globally.

The Company will also continue to consider any strategic and accretive acquisitions that may further enhance its presence in key markets, while offering potential synergies in terms of product range and distribution channels.

MLA looks forward to updating shareholders on its progress each quarter and reporting on any other material developments as they occur.



Darryl Ellis
Chief Executive Officer
Dated this 31st of August 2016

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2016

Continuing Operations		Consolidated
	Notes	June 2016 June 2015
		\$ \$
Sale of goods		12,419,938 11,510,774
Cost of goods sold		(7,051,891) (5,868,220)
Gross profit		<u>5,368,047</u> <u>5,642,553</u>
Other Revenue – Foreign Exchange Gain		- 74,663
Expenses:		
Administration and consultants	2	(554,179) (479,680)
Advertising and marketing		(66,032) (18,575)
Depreciation and amortisation		(162,002) (139,643)
Employee benefits expenses		(3,002,842) (2,775,286)
Occupancy costs		(220,600) (229,672)
Other	2	(557,970) (535,586)
Travel and accommodation		(419,171) (327,022)
Profit/(Loss) before interest and income tax		<u>385,251</u> <u>1,211,752</u>
Financial income		1,325 40,339
Financial expense		(9,322) (12,524)
Net financing (loss)/gain		<u>(7,997)</u> <u>27,815</u>
Profit/(Loss) before income tax		377,254 1,239,563
Income tax (expense) benefit	3	34,504 47,387
Profit/(Loss) for the year from continuing operations		<u>411,758</u> <u>1,286,950</u>
(Loss) from discontinued operations		(5,250,021) (1,978,475)
Loss for year		<u>(4,838,263)</u> <u>(691,525)</u>
Other comprehensive Income after income tax		
Items that have been reclassified to profit or loss as specific conditions met:		
Exchange differences on translating foreign operation		<u>112,967</u> <u>(454,323)</u>
Total comprehensive income/(loss) for the period		<u>(4,725,296)</u> <u>(1,145,848)</u>

The Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2016

	Consolidated	
	June 2016	June 2015
	\$	\$
Net profit/(loss) attributable to		
Owners of the parent entity	(4,427,249)	(216,879)
Non-controlling interest	(411,014)	(474,646)
	(4,838,263)	(691,525)
Total comprehensive income/(loss) attributable to		
Owners of the parent entity	(4,314,282)	(531,731)
Non-controlling interest	(411,014)	(614,117)
	(4,725,296)	(1,145,848)
Earnings per share		
From continuing and discontinuing operations:		
Basic profit/(loss) per share (cents per share)	4 (3.24) cents	(0.16) cents
Diluted profit/(loss) per share (cents per share)	(3.24) cents	(0.16) cents
From continuing operations:		
Basic profit/(loss) per share (cents per share)	0.30 cents	0.94 cents
Diluted profit/(loss) per share (cents per share)	0.30 cents	0.94 cents

The Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Consolidated Statement of Financial Position

As at 30 June 2016

		June 2016	Consolidated June 2015
	Notes	\$	\$
CURRENT ASSETS			
Cash and cash equivalents	5	860,711	933,312
Trade and other receivables		1,580,940	1,859,043
Inventories		2,683,708	2,721,680
Other assets		123,058	548,290
TOTAL CURRENT ASSETS		5,248,417	6,062,325
NON-CURRENT ASSETS			
Property, plant and equipment		211,332	322,026
Investment		-	78,947
Intangible assets	6	3,907,871	6,022,710
TOTAL NON-CURRENT ASSETS		4,119,203	6,423,683
TOTAL ASSETS		9,367,620	12,486,008
CURRENT LIABILITIES			
Trade and other payables		2,085,696	1,813,227
Income tax payables		-	2,276
Provisions		295,944	234,549
TOTAL CURRENT LIABILITIES		2,381,640	2,050,052
NON-CURRENT LIABILITIES			
Trade and other payables		-	2,376
Provisions		66,410	84,873
TOTAL NON-CURRENT LIABILITIES		66,410	87,249
TOTAL LIABILITIES		2,448,050	2,137,301
NET ASSETS		6,919,570	10,348,707
EQUITY			
Issued capital	7	26,753,918	26,753,918
Equity remuneration reserve		146,370	146,370
Non-controlling Interest		-	(1,101,527)
Foreign Currency translation reserve		(60,550)	(368,149)
Accumulated losses	8	(19,920,168)	(15,081,905)
TOTAL EQUITY		6,919,570	10,348,707

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Consolidated Statement of Changes in Equity

For the year ended 30 June 2016

	Issued capital	Equity Remuneration Reserve	Foreign Currency Translation Reserve	Non-Controlling Interests	Accumulated Losses	Total
	\$	\$	\$	\$	\$	\$
Balance at 30 June 2014	24,676,311	137,020	(53,297)	(487,410)	(14,865,026)	9,407,598
(Loss) for the year	-	-	-	(474,646)	(216,879)	(691,525)
Other comprehensive income	-	-	(314,852)	(139,471)	-	(454,323)
Total comprehensive (loss) Equity contributions	2,077,607	-	(314,852)	(614,117)	(216,879)	(1,145,848)
Cost of share based payments	-	9,350	-	-	-	2,077,607
Balance at 30 June 2015	26,753,918	146,370	(368,149)	(1,101,527)	(15,081,905)	10,348,707
Profit/(Loss) for the year	-	-	-	(411,014)	(4,427,249)	(4,838,263)
Other comprehensive income	-	-	112,967	-	-	112,967
Total comprehensive (loss)/profit	-	-	112,967	(411,014)	(4,427,249)	(4,725,296)
Derecognition of non-controlling interest upon disposal of discontinued operations	-	-	-	1,512,541	-	1,512,541
Reclassification to profit or loss upon disposal of discontinued operations	-	-	194,632	-	(411,014)	(216,382)
Balance at 30 June 2016	26,753,918	146,370	(60,550)	-	(19,920,168)	6,919,570

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Consolidated Statement of Cash Flows

For the year ended 30 June 2016

	Notes	Consolidated	
		June 2016 \$	June 2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		14,073,918	14,945,017
Payments to suppliers and employees		(14,006,724)	(17,315,131)
Cash provided by (used by) operations		67,194	(2,370,114)
Interest paid		-	-
Interest received		-	27,807
R&D grant refund		26,412	-
Net cash provided by (used in) operating activities	12	<u>93,606</u>	<u>(2,342,307)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposing of subsidiary net of cash disposed		173,588	-
Payments for property, plant and equipment		(396,760)	(477,375)
Loans to other entities		-	(60,000)
Loans repaid by other entities		45,833	-
Net cash (used in) investing activities		<u>(177,339)</u>	<u>(537,375)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	2,077,607
Repayment of borrowings		-	(13,099)
Net cash provided by financing activities		<u>-</u>	<u>2,064,508</u>
Net (decrease) in cash and cash equivalents		(83,733)	(815,174)
Effect of exchange rate on cash holdings in foreign currency		11,132	(8,772)
Cash and cash equivalents at the beginning of the year	5	933,312	1,757,258
Cash and cash equivalents at the end of the year	5	<u>860,711</u>	<u>933,312</u>

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

**Notes to the Consolidated Financial Statements
For the year ended 30 June 2016**

Note 1 – Basis of Preparation

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.

The preliminary financial report should be read in conjunction with the half-year financial report of Medical Australia Limited as at 31 December 2015. It is also recommended that the financial report be considered together with any public announcements made by Medical Australia Limited during the year ended 30 June 2016 in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001*.

This preliminary financial report has been prepared in accordance with the requirements of the Australian Securities Exchange listing rules.

This preliminary financial report does not constitute the full financial report for the year ended 30 June 2016.

The preliminary financial report has been prepared in accordance with Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes comply with International Financial Reporting Standards issued by the IASB.

(a) Basis of Accounting

There have been no material adjustments to the accounting policies of the Group since 30 June 2015.

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 earned a profit from continuing operations of \$411,758 for the year ended 30 June 2016 (2015 – a profit of \$1,249,563), derived positive operating cash flows of \$93,606 (2015: deficit of \$2,342,307) and has a working capital surplus of \$2,866,777 as at that date.

As noted in this report, the Company divested its holding in Medivet America LLC in December 2015 which has halted the cash burn evident in periods prior to that date.

Management has prepared a cash flow forecast for the 15 months ending September 2017 that supports the ability of the entity to continue as a going concern. The Directors are confident of achieving the forecast results and accordingly believe there is no material uncertainty regarding the consolidated entity continuing as a going concern and it is therefore appropriate to prepare these financial statements on that basis.

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Notes to the consolidated financial statements
For the year ended 30 June 2016

Note 2 – Profit/(Loss) from continuing operations

	Consolidated	
	June 2016	June 2015
	\$	\$
The following expense items are relevant in explaining the financial performance for the year:		
Administration and consultants expenses:		
- General and administrative	118,416	201,711
- Legal fees	6,244	15,339
- Consultancy fees	429,519	255,630
	554,179	479,680
Other expenses:		
- Audit and review of financial reports	88,950	76,640
- Insurance	159,510	154,493
- Office Warehouse Lab supplies	61,369	34,259
- Telephone & Internet	59,719	121,176
- Regulatory expense	82,923	65,911
- Provision for Doubtful Debts	34,796	-
- Bank Fee	15,411	15,696
- Foreign exchange loss	6,405	-
- Royalty	12,295	-
- Staff recruitment & Training	56,015	-
Overhead Recovery	(45,000)	-
- Other expenses	25,577	67,411
	557,970	535,586

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Notes to the consolidated financial statements
For the year ended 30 June 2016

Note 3 – Income tax benefit	Consolidated	
	June 2016	June 2015
	\$	\$
Numerical reconciliation between income tax benefit and pre-tax net loss		
Profit/(loss) before tax – continuing operations	377,254	1,239,563
Income tax expense/(benefit) using the domestic corporation tax rate of 30%	113,176	371,869
Increase / (decrease) in income tax expense due to:		
- Non-deductible expenses	86,484	68,177
- Non-deductible impairment write down	-	11,737
- Difference in international tax rates	(8,862)	4,792
- Effect of tax losses brought to account	(190,798)	(456,575)
- Research and development tax offset (estimate)	(20,000)	(10,000)
- Over(under) provision for income tax – prior periods	-	(12,896)
- Refund of income tax from prior periods	(14,504)	(24,491)
Income tax expense/(benefit)	<u>(34,504)</u>	<u>(47,387)</u>

As at 30 June 2016 the amount of deferred tax assets not brought to account in respect of unused tax losses is estimated to be as follows:

(a) Unused revenue losses for which no benefit has been recognised as a deferred tax asset	<u>10,486,533</u>	
Tax effect: Potential income tax benefit – at 30%	2,952,541	2,860,142
– at 35%	-	271,470
– at 23.5%	-	-
– at 20%	128,946	146,670
(b) Unused capital losses for which no benefit has been recognised as a deferred tax asset	<u>72,601</u>	<u>72,601</u>
Tax effect: Potential income tax benefit – at 30%	21,780	21,780
(c) Deductible temporary differences for which no benefit has been recognised as a deferred tax asset	<u>1,154,931</u>	<u>3,838,718</u>
Tax effect: Potential income tax benefit – at 30%	346,479	1,068,707
– at 35%	-	51,894
– at 20%	9,661	6,285

The income tax return for the year ended 30 June 2016 has not been lodged as at the date of this report.

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Notes to the consolidated financial statements
For the year ended 30 June 2016

Note 3 – Income tax benefit (Cont'd)

The benefit of these temporary differences and tax losses will only be obtained if:

- I. The consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- II. The consolidated entity continues to comply with the conditions for deductibility imposed by the tax legislation; and
- III. No changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.

Note 4 – Loss per share

	Consolidated	
	June 2016	June 2015
Profit/(loss) after income tax attributable to members at the parent entity used to calculate basic EPS	<u>(4,427,249)</u>	<u>(216,879)</u>
	Number	Number
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic EPS	<u>136,766,031</u>	<u>136,766,031</u>
There are no shares that are dilutive.		

NOTE 5 – CASH AND CASH EQUIVALENTS

Cash at bank and on hand	810,949	883,550
Term deposits	49,762	49,762
	<u>860,711</u>	<u>933,312</u>

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Notes to the consolidated financial statements
For the year ended 30 June 2016

Note 6 – Intangible Assets

	June 2016	Consolidated	June 2015
	\$		\$
Goodwill on acquisition – TUTA	3,409,565		0
Goodwill on acquisition – Clements	400,000		400,000
Goodwill on acquisition – Medivet	-		1,781,604
	3,809,565		5,591,169
Product Development Costs – Gross	417,739		704,960
Less: Accumulated amortisation	(319,433)		(273,419)
Product Development Costs – Net	98,306		431,541
	3,907,871		6,022,710

An impairment test for goodwill has been separately performed for the Tuta and Clements businesses as at 30 June 2016. Based on the results, the Directors believe that there is no impairment loss to be recognised.

The Group has adopted a policy of capitalising product development costs related to specific projects in accordance with AASB 138. These costs are amortised on a straight line basis over the useful life of the product. As at 30 June 2016, specific product development costs capitalised as intangible assets have a net carrying value of \$98,306 (2015: \$431,541). Product development costs capitalised in the period amount to \$58,561. This represents product development costs for a human health product which is expected to be available for sale in the next financial year. Costs capitalised to date plus costs estimated to successfully complete these development efforts have been assessed for possible impairment and found to be unimpaired.

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Notes to the consolidated financial statements
For the year ended 30 June 2016

Note 7 – Issued Capital

	2016 No.	2016 \$	2015 No.	2015 \$
Fully paid ordinary shares				
Balance at the beginning of the year	136,766,031	26,753,918	102,089,251	24,676,311
Shares issued to employees on 10 December 2014	-	-	50,000	-
Shares issued on 12 November 2014 at \$0.06 per share	-	-	34,626,780	2,077,607
Balance at the end of the year	<u>136,766,031</u>	<u>26,753,918</u>	<u>136,766,031</u>	<u>26,753,918</u>

Issued capital as at 30 June 2016 amounted to \$26,753,918 (136,766,031 ordinary shares). The movements in the issued capital of the company in the current year are shown in the above table.

Note 8 – Accumulated losses

	Consolidated	
	June 2016 \$	June 2015 \$
Accumulated losses at the beginning of the year	(15,081,905)	(14,865,026)
Net profit/(loss) attributable to members of the parent entity	(4,427,249)	(216,879)
Reclassification to profit or loss upon disposal of discontinued operations	(411,014)	-
Accumulated losses at the end of the year	<u>(19,920,168)</u>	<u>(15,081,905)</u>

Dividends

No dividends were paid or declared during the year.

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

**Notes to the consolidated financial statements
For the year ended 30 June 2016**

Note 9 – Discontinued Operations

On 23 June 2015 the Company announced its intention to explore options to divest or dilute its holdings in its animal health business. The assets and liabilities of the animal health business were not classified as held for sale at the Company's last reporting date as certain conditions specified by AASB5 were not met.

The Company announced on 22 December 2015 that it had sold its 60.5% interest in Medivet America LLC and as a consequence of this, the assets and liabilities of Medivet America LLC are no longer included in the Group's Consolidated Statement of Financial Position. The results of the animal health business up to the date of disposal on 21 December 2015 and associated net loss on disposal of that business are disclosed separately in the current period in the Statement of Comprehensive Income as net loss from discontinued operations. The assets and liabilities disposed of consist of cash, debtors, inventory, trade payables, intercompany provisions and various other provisions. The revenue, results and assets of the discontinued animal health business are presented in Note 12, Segment Reporting – Animal Health. The Geographic Segment of United States is entirely a discontinued operation whilst minor amounts of the discontinued operation are contained within the Australian and other segments. The financial information relating to the discontinued operation for the period to the date of disposal is set out on the following page.

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Notes to the consolidated financial statements
For the year ended 30 June 2016

NOTE 9 – Discontinued Operations – (cont)	30 June 2016	30 June 2015
	\$	\$
Revenue	1,695,667	3,486,433
Expenses	(4,390,525)	(5,464,908)
(Loss) before income tax	(2,694,858)	(1,978,475)
Income tax expense	-	-
(Loss) after income tax of discontinued operations	(2,694,858)	(1,978,475)
Loss on disposal of the discontinued operations after tax (i)	(2,555,163)	-
(Loss) from discontinued operations	(5,250,021)	(1,978,475)

(i) Details of the disposal of the discontinued operations	30 June 2016
	\$
Consideration received	210,083
Total disposal consideration	210,083
Carrying amount of net assets sold (ii)	(4,082,755)
De-recognition of minority interest	1,512,141
Loss on disposal before income tax and reclassification of foreign currency translation reserve	(2,360,531)
Reclassification of foreign currency translation reserve	(194,632)
Loss on disposal of discontinued operation	(2,555,163)

(ii) Net Assets Disposed	30 June 2016
	\$
Cash and cash equivalents	34,897
Trade and other receivables	393,918
Inventory	172,413
Property, plant & equipment	234,790
Total assets	836,018
Trade and other payables	935,002
Intercompany payables	3,983,771
Total liabilities	4,918,773
Net assets	(4,082,755)

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Notes to the consolidated financial statements

For the year ended 30 June 2016

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	
		2016	2015
		%	%
BMDI Pty Ltd	Australia	100	100
BMDI TUTA Healthcare Pty Ltd	Australia	100	100
Bio Medical Developments International Pty Ltd	Australia	70	70
MediVet Pty Ltd	Australia	100	100
Medivet Holdings International Pty Ltd	Australia	100	100
MediVet Laboratory Services Pty Ltd *	Australia	-	50.5
MediVet Biologics LLC ^	United States	-	60.5
MediVet Direct ^	United States	-	60.5
BMDI Tuta Healthcare UK Ltd	United Kingdom	100	100

*disposed 31 December 2015

^ disposed 21 December 2015

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Notes to the consolidated financial statements
For the year ended 30 June 2016

Note 11 – Reconciliation of net (loss)/profit for the year to net cash flows used in operating activities

	Consolidated	
	June 2016	June 2015
	\$	\$
(Loss) for the year before non-controlling interest	(4,838,263)	(691,525)
Adjustments for:		
Depreciation and amortisation of non-current assets	178,487	195,120
Expense recognised in respect of equity-settled share-based payments	-	9,350
Loss from discontinued operations	3,597,546	-
Other movements	103,780	(237,703)
 Movements in working capital (net of movements arising from business combinations)		
Decrease / (increase) in trade and other receivables	278,103	(218,267)
Decrease / (increase) in inventories	37,972	(774,262)
Decrease / (increase) in other assets	425,232	(28,558)
Increase /(decrease) in other provisions	38,280	49,097
 Increase /(decrease) in trade and other payables	272,469	(645,559)
 Net cash (used) generated in operating activities	93,606	(2,342,307)

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Notes to the consolidated financial statements
For the year ended 30 June 2016

Note 12 – Segment information

The Group operated in the animal health sector since the acquisition of Medivet Pty Ltd in December 2013 but ceased operations in that segment in December 2015.

Business unit segments 30 June 2016	Human Health \$	Animal Health \$	Elimination \$	Consolidated \$
Revenue				
External segment income	12,419,938	1,695,667	-	14,115,605
Interest income	1,325	-	-	1,325
	<u>12,421,263</u>	<u>1,695,667</u>	<u>-</u>	<u>14,116,930</u>
Less: Revenue from discontinuing operations	-	(1,695,667)	-	(1,695,667)
Revenue from continuing operations	<u>12,421,263</u>	<u>-</u>	<u>-</u>	<u>12,421,263</u>
Interest expense	(9,322)	(13,097)	-	(22,419)
Depreciation expense	(162,002)	(16,485)	-	(178,487)
Tax benefit	<u>34,504</u>	<u>-</u>	<u>-</u>	<u>34,504</u>
Result				
Segment result after tax	411,758	(5,250,021)	-	(4,838,263)
Add: Net Loss from discontinued operations	-	5,250,021	-	5,250,021
Net profit from continuing operations	<u>411,758</u>	<u>-</u>	<u>-</u>	<u>411,758</u>
Assets				
Segment assets	<u>9,367,620</u>	<u>-</u>	<u>-</u>	<u>9,367,620</u>
Including non-current assets acquired during the year:				
Plant & Equipment	135,125	-	-	135,125
Furniture & Fittings	15,568	-	-	15,568
Office Equipment	37,408	-	-	37,408
Leasehold Improvements	-	-	-	-
Motor Vehicles	9,772	-	-	9,772
Intangible assets	58,561	-	-	58,561
	<u>256,385</u>	<u>-</u>	<u>-</u>	<u>256,385</u>
Segment liabilities	<u>2,386,240</u>	<u>61,810</u>	<u>-</u>	<u>2,448,050</u>

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Notes to the consolidated financial statements
For the year ended 30 June 2016

Note 12 – Segment information (Cont'd)

Business unit segments 30 June 2015	Human Health \$	Animal Health \$	Elimination \$	Consolidated \$
Revenue				
External segment income	11,510,774	3,345,240	-	14,856,014
Interest income	40,339	-	-	40,339
Foreign exchange gain	74,663	141,193	-	215,856
	<u>11,625,776</u>	<u>3,486,433</u>	-	<u>15,112,209</u>
Less: Revenue from discontinued operations	-	(3,486,433)	-	(3,486,433)
Revenue from continuing operations	<u>11,625,776</u>	-	-	<u>11,625,776</u>
Interest expense	(13,417)	-	-	(13,417)
Depreciation expense	(139,642)	(55,478)	-	(195,120)
Tax benefit	10,000	37,387	-	47,387
Result				
Segment result after Tax	<u>1,286,950</u>	<u>(1,978,475)</u>	-	<u>(691,525)</u>
Add: Net loss from discontinuing operations after tax	-	1,941,088	-	1,941,088
Net Profit from continuing operations	<u>1,249,563</u>	-	-	<u>1,249,563</u>
Assets				
Segment assets	<u>12,958,797</u>	<u>2,030,954</u>	<u>(2,503,743)</u>	<u>12,486,008</u>
Including non-current assets acquired during the year:				
Warehouse Equipment	29,282	7,115	-	36,397
Software	34,445	-	-	34,445
Furniture & Fittings	37,402	5,990	-	43,392
Plant & Equipment	10,870	29,407	-	40,277
	<u>111,999</u>	<u>42,512</u>	-	<u>154,511</u>
Segment liabilities	<u>1,613,280</u>	<u>2,629,865</u>	<u>(2,105,844)</u>	<u>2,137,301</u>

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Notes to the consolidated financial statements

For the year ended 30 June 2016

Note 12 – Segment information (Cont'd)

During the year the Group operated within the Human and Animal health care industry in Australia, Asia, United States, and United Kingdom. Operations in all regions within animal health ceased in December 2015.

Geographical segments 30 June 2016	Australia \$	Asia \$	United States \$	United Kingdom \$	Unallocated \$	Consolidated \$
Revenue						
External segment income	10,963,920	588,054	1,426,842	391,141	745,649	14,115,605
Interest income	1,325	-	-	-	-	1,325
	<u>10,965,245</u>	<u>588,054</u>	<u>1,426,842</u>	<u>391,141</u>	<u>745,649</u>	<u>14,116,930</u>
Less: Revenue from discontinuing operations	(253,328)	(730)	(1,426,842)	(9,421)	(5,346)	(1,695,667)
Revenue from continuing operations	10,702,495	587,324	-	391,141	740,303	12,421,263
Interest expense	(9,322)	-	-	-	-	(9,322)
Depreciation expense	(159,256)	-	(16,485)	(2,746)	-	(178,487)
Tax benefit	34,504	-	-	-	-	34,504
Result						
Total segment result after tax	(3,845,155)	-	(1,012,295)	19,187	-	(4,838,263)
Add: net loss/(profit) from discontinued operations	4,108,236	-	1,012,295	129,490	-	5,250,021
Net profit/(loss)	<u>263,081</u>	<u>-</u>	<u>-</u>	<u>148,678</u>	<u>-</u>	<u>411,758</u>
Assets						
Segment assets	9,190,875	-	-	176,745	-	9,367,620
Including non-current assets acquired during the year:						
Plant & Equipment	135,125	-	-	-	-	135,125
Furniture & Fittings	15,568	-	-	-	-	15,568
Office equipment	37,408	-	-	-	-	37,408
Motor vehicles	9,772	-	-	-	-	9,772
Intangible assets	58,561	-	-	-	-	58,561
	<u>256,384</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>256,384</u>
Segment liabilities	<u>2,437,015</u>	<u>-</u>	<u>-</u>	<u>11,035</u>	<u>-</u>	<u>2,448,050</u>

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Notes to the consolidated financial statements

For the year ended 30 June 2016

Note 12 – Segment information (Cont'd)

Geographical segments 30 June 2015	Australia \$	Asia \$	United States \$	United Kingdom \$	Unallocated \$	Consolidated \$
Revenue						
External segment income	10,184,666	553,435	2,810,052	349,353	958,508	14,856,014
Interest income	40,339	-	-	-	-	40,339
Foreign exchange gain	215,856	-	-	-	-	215,856
	<u>10,440,861</u>	<u>553,435</u>	<u>2,810,052</u>	<u>349,353</u>	<u>958,508</u>	<u>15,112,209</u>
Less: Revenue from discontinuing operations	(370,393)	(55,513)	(2,810,052)	-	(109,058)	(3,345,240)
Revenue from continuing operations	<u>10,070,468</u>	<u>497,698</u>	<u>-</u>	<u>349,353</u>	<u>849,450</u>	<u>11,766,969</u>
Result						
Segment result after Tax	508,883	38,300	(1,190,788)	(47,920)	-	<u>(691,525)</u>
Add: Net loss from discontinuing operations	787,687	-	1,190,788	-	-	1,978,475
Net Profit from continuing operations	<u>1,296,570</u>	<u>38,300</u>	<u>-</u>	<u>(47,920)</u>	<u>-</u>	<u>1,286,950</u>
Assets						
Segment assets	<u>14,721,131</u>	<u>-</u>	<u>844,215</u>	<u>228,141</u>	<u>(3,307,479)</u>	<u>12,486,008</u>
Including non-current assets acquired during the year:						
Warehouse Equipment	36,397	-	-	-	-	36,397
Software	34,445	-	-	-	-	34,445
Furniture & Fittings	43,392	-	-	-	-	43,392
Plant & Equipment	17,360	-	22,917	-	-	40,277
	<u>131,594</u>	<u>-</u>	<u>22,917</u>	<u>-</u>	<u>-</u>	<u>154,511</u>
Segment liabilities	<u>1,294,822</u>	<u>-</u>	<u>3,616,014</u>	<u>1,134,857</u>	<u>(3,908,392)</u>	<u>2,137,301</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, blood banking, surgical, anaesthesia products and animal stem cell products.

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

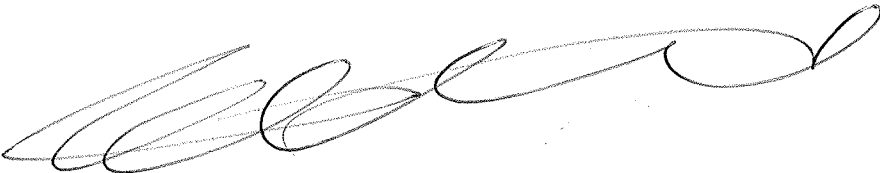
Notes to the consolidated financial statements
For the year ended 30 June 2016

Note 13 - Subsequent events

No events have occurred subsequent to balance date and up to the date of this report that might affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

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.



Ian Mitchell
Director

Dated this 31st day of August 2016