



Medical Developments International Limited (“MDI”)

Presentation

March 2005



- **Summary**
- **Financial Performance for Half Year**
- **Operations Update**

Summary



- EBITDA of \$555k and NPAT of \$117k in the first half of FY2005
- Nearly \$700k invested in marketing & registrations to lay the foundations for growth
 - The registration programme continues to grow and is beginning to bear fruit with the recent registration in Pakistan.
 - Whilst the Pentrox™ sales cycle is quite long, MDI has been successful in progressing key opportunities at a rapid rate.
 - The appointment of distributors in Europe and USA for medical equipment is a priority
- Operational improvements continue to enhance MDI's output capacity
- Revenue growth in the first half was lower than expected due to two factors:
 - Transition issues on contracts for Medical Equipment in Australia & New Zealand
 - Research Laboratory sales in the USA remain on hold pending an FDA decision on Import ExemptionThese issues are expected to be resolved in the Second Half of FY2005

*Financial Report for Half-Year ended December '04:
Summary of Income Statement*



	FY '05	
	\$k	% of sales
Revenue	2850*	
Gross profit	1846	65.6
Operating expenses	1592	
Interest expense	94	
Profit before tax	196	6.9
Tax expense	79	
Net profit	117	4.1

Note: * includes \$36k of "other revenue"

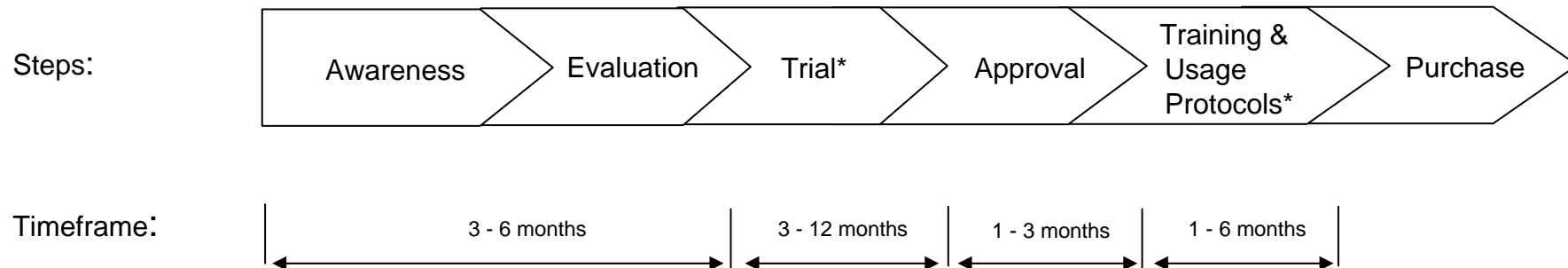
*Financial Report for Half-Year ended December '04:
Forecast revenue growth did not materialise largely because of transitional delays on new contracts and Research Laboratory sales of Pentrox™ remained on hold.*



Product	Actual Sales \$k	Comment
Pentrox™	1498	Ambulance growth in line with forecast Research Laboratory sales to USA on hold NZ Ambulance take-up not likely until FY '06
Medical Devices	1102	Contract transition issues have temporarily impeded growth
Veterinary Equipment	214	Korean distributor discontinued
Other Revenue	36	
Total	2850	



Typical Sales Cycle



MDI's strategy:

- Focus on markets with the shortest lead times to generate short-term growth
- Phased approach to large markets with long lead times to secure longer term growth

* Minor sales common at these stages

Operations Report for Half-Year ended December '04: Penthrox™
MDI has Penthrox™ registered in Australia, New Zealand and Pakistan.
Further registrations will likely occur in Q3 2005.



Country	Filing Date	Current Status	Estimated Registration Date
Pacific Islands	-	Australia and/or NZ registration is sufficient	Complete
Papua New Guinea	-	Australian registration sufficient.	Complete
Nepal	-	Being trialled by military – may not require registration	-
Pakistan	Q3 2004	Registered – awaiting issue of Certificate	Q1 2005
GCC ¹	Q3 2004	Application accepted, Manufacturing Plant inspection due in March/April	Q3 2005
Iran	Q4 2005	Application filed – clinical trial may be necessary	Q4 2005
Iraq	Q1 2005	Application under development	Q4 2005
Afghanistan	-	Market evaluation underway	Q3 2005
Singapore	Q1 2005	Application submitted	Q3 2005
India ²	Q1 2005	Indian advisor reviewing application prior to filing	Q2 2006
South Africa	Q1 2005	Application under development	Q2 2006

¹ GCC includes Saudi Arabia, Qatar, UAE, Bahrain, Kuwait & Oman

² Registration may be fast-tracked by military who are currently trialling

*Operations Report for Half-Year ended December '04: Pentrox™
Registration in developed markets typically takes two years or more.
Our registration efforts have focussed predominantly on the USA to date*



Registration Progress – Developed Countries

- New Zealand & Australia – registration complete
- USA
 - Met with FDA in December 2004
 - NDA required
 - Small non-clinical (animal) trials requested
 - Current clinical trials expected to meet FDA requirements
 - Submission to Division of Counter-Terrorism (D.C-T) in Washington DC seeking assistance with expedited approval
 - Expect to file New Drug Application (NDA) in Q4 2005 (unless D.C-T expedite process)
- Canada
 - Petition to file a literature-based NDA submitted to Health Canada
 - Follow-up submission to be made in March 2005 in response to Health Canada queries
 - Await Health Canada's decision on petition
- Korea
 - Clinical trial requirements being defined
- EU/UK
 - NDA required
 - Meeting to be arranged with EU to discuss registration pathway

Operations Report for Half-Year ended December '04: Pentrox™
Pentrox™ is the ideal analgesic in mass disaster situations. MDI is seeking to have Pentrox™ approved by leading organisations in this field.



- World Health Organisation:
 - Applied for inclusion in “List of Essential Medicines”
 - Review Committee to consider application in March meeting. Final approval in late 2005
 - Approval will facilitate take up by United Nations, Developing Countries and major international relief organisations (eg Doctors without Frontiers)

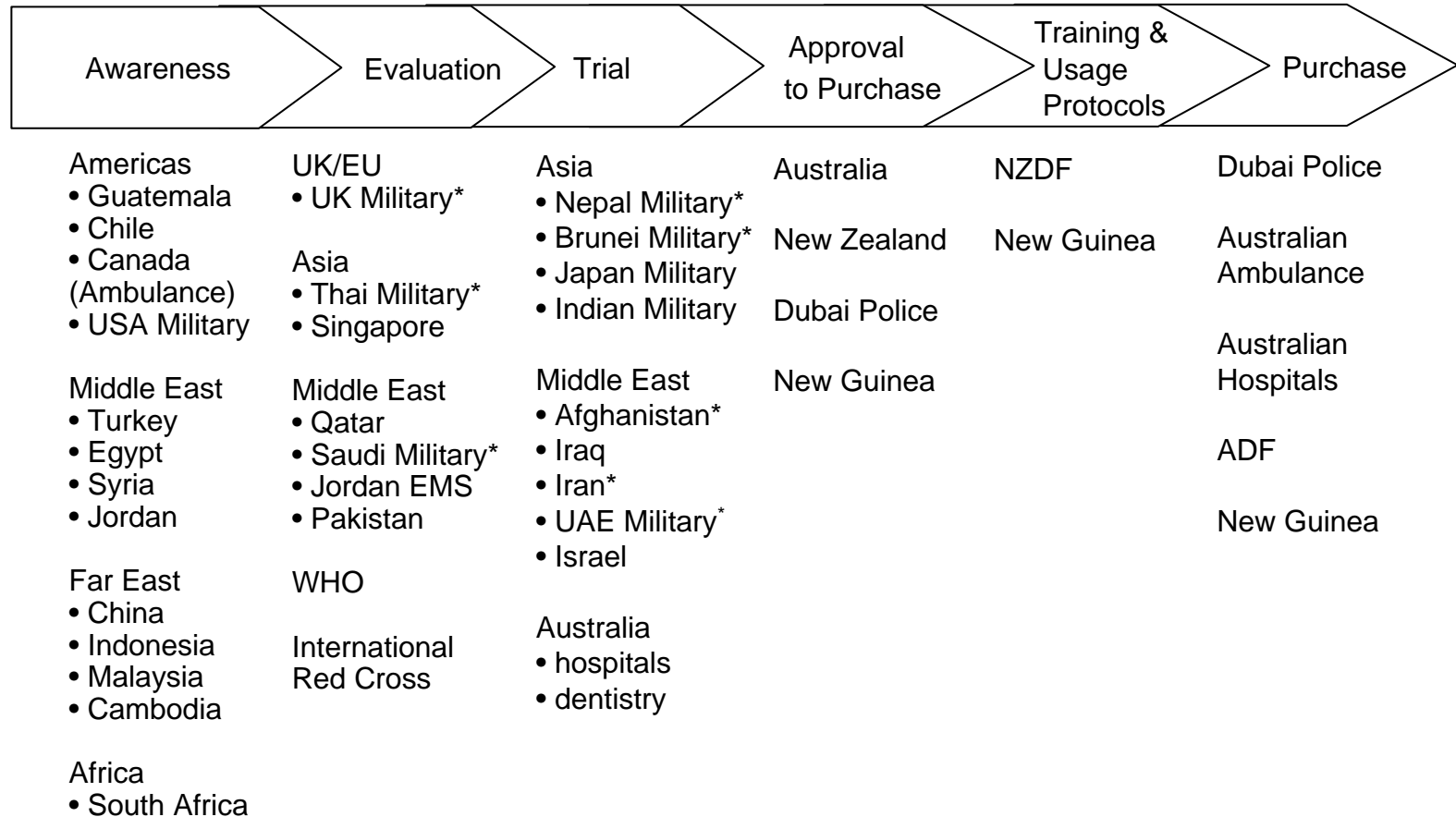
- International Red Cross:
 - Chief Medical Officer has referred application to Chief Pharmacist for evaluation
 - Approval will likely take most of 2005
 - central review and approval process
 - field review and feedback process

- United Nations:
 - Pentrox™ listed with UNDP and UNHCR

Operations Report for Half-Year ended December '04: Pentrox™
Our marketing programme is extensive and continues to gather momentum.
With few exceptions, sales will only occur once registration has been completed.



Typical Sales Cycle – Status of Marketing Efforts



* Prospective sales pre-registration

Operations Report for Half-Year ended December '04: Penthrox™
MDI has made significant progress with the appointment of agents in target markets.



Country	Status	Role	
		Sales	Distribution
New Zealand	Appointed	✓	✓
Pakistan	Appointed	✓	✓
Iran	Appointed	✓	✓
Iraq	Appointed	✓	✓
Afghanistan	Appointed	✓	✓
GCC (excluding UAE)	Appointed	✓	x
UAE	Appointed	✓	✓
Korea	Appointed	✓	✓
Singapore	Appointed	✓	✓
Malaysia	Appointed	✓	✓
Thailand	Appointed	✓	✓
Indonesia	Appointed	✓	✓
South Africa	Appointed	✓	✓
Israel	MOU	✓	✓
Canada	MOU	✓	✓
Chile	MOU	✓	✓
Guatemala	MOU	✓	✓
Pacific Islands	MOU	✓	x

Operations Report for Half-Year ended December '04: Penthrox™
MDI is providing significant in-market sales support.



- Technical Product Information
- Product Information
 - Presentations
 - Papers
 - Flyers
- Marketing Support
 - Agent training
 - Product samples
 - Marketing collateral
 - Conferences
 - Customer visits
 - Product support
 - Customer training materials
- Profile raising
 - Featured in All Saints (Channel 7)
 - Permitted to use Survivor footage
 - Super 12 Rugby team and AFL usage
 - Commonwealth Games

Operations Report for Half-Year ended December '04: Pentrox™

MDI has identified attractive new markets of which hospitals will likely be the largest. Sales will be incremental until critical mass is achieved.



	Hospitals	Doctors (Specialists/GPs)	Dentists	Veterinary Medicine
Potential Applications¹	Emergency Room Burns & Dressings Short surgical procedures Manipulation of dislocations and fractures Radiology/Radiotherapy Breakthrough Pain Post-operative physiotherapy Biopsy procedures Ulcer debridement Drainage of abscesses Removal of drains & packs	Minor Surgical Procedures Manipulation of dislocations and fractures Biopsy procedures Removal of drains & packs (list under development)	Minor surgical procedures	Post-operative pain relief
Marketing efforts	<ul style="list-style-type: none"> • 11 hospitals in use • 3 trials in progress (RCH, Peter Mac, Northern Hosp.) • 2 additional prospective trials (Radiology, Outpatients) • Papers/Submissions <ul style="list-style-type: none"> - ANZ College of Anaesthetists - Use of Pentrox™ in hospitals - Relief of severe short-term pain (2-10 minutes) – under development • Targeted recruitment of new hospitals • Marketing Material <ul style="list-style-type: none"> - advertisements - presentations - advertorials under development 	<ul style="list-style-type: none"> • Strategy in development <ul style="list-style-type: none"> - high volume applications - identification of early adopters -PBS and Doctors Bag application • Prospective trials under discussion 	<ul style="list-style-type: none"> • Trial underway • Developing relationship with opinion leader • Strategy in development 	<ul style="list-style-type: none"> • Prospective trial under discussion

¹ Applications either supported by published papers, current usage or prospective trials



MDI is in discussions with prospective distributors in numerous countries

Prospective Markets

UK	Greece	Malaysia
USA	Poland	Qatar
Germany	Turkey	Pakistan
France	Jordan	Iran
Italy	India	Syria
Spain	Saudi Arabia	Lebanon

*Operations Report for Half-Year ended December '04: Operational Capacity
MDI is well positioned to accommodate growth.*



- Pentrox™ production capacity doubled

- Factory 8 refurbishment
 - Optimises Pentrox™ Inhaler and Peak Flow Meter assembly lines
 - Increases warehousing capacity
 - Increases space available for new staff
 - Establishes product show room
 - Establishes clean room facility

- Inventory management system under development