



Medical Developments International Limited (“MDI”)

Presentation

Sydney – 25 May 2005



Introduction – MDI Profile

Product Segments

- Pharmaceutical
 - Single product (Penthrox™ – inhaled analgesic)
 - Only manufacturer in the world
 - TGA & Medsafe (NZ)
 - Plant is GMP certified
 - 53% of sales
 - Currently used in ambulance, military, hospitals and research laboratories

- Medical Equipment
 - Key products include Space Chambers, Peak Flow Meters and oxygen equipment
 - 30 devices registered with TGA
 - Space Chambers, Peak Flow Meters and KAB Absorbers CE marked and approved for sale in North America
 - 39% of sales
 - Currently sold in 7 countries

- Veterinary equipment
 - Key products include anaesthetic machines and biopsy punches
 - 8% of sales

Growth Strategy – Pentrox

Organic growth is expected in established markets during FY06



Methoxyflurane Growth Strategy

Medical Developments International

Applications/Uses

New

Current

	Rescue Services	New Zealand
	Military	Dubai Police
	Ambulance	Research Institutions
	Research Institutions	

Australia

The World

Markets (Customers)

Growth Strategy – Pentrox (Domestic)

There are exciting growth prospects in new applications in Australia in FY06, particularly in dentistry



Methoxyflurane Growth Strategy

Medical Developments International

Applications/Uses

New

Dentists (Australia & New Zealand)

Hospitals (Australia)

- Market potential – multiples of ambulance
- Trial complete in June '05
- Product launch in June '05
 - National lecture series
 - Added to continued education curriculum
 - T.V. segments
 - Conference presentations

Current

Rescue Services (Australia)

Military (Australia and New Zealand)

Ambulance (Australia)

Research Institutions

- Market potential – Larger than ambulance
- Trials complete at Westmead and Royal Children's Hospitals
- Trials underway or planned in 5 other hospitals e.g. Northern
- Initial trial purchases e.g. Monash IVF
- Case studies and marketing material under development

Current

New

Markets (Customers)

Growth Strategy – Pentrox (Domestic)

Pentrox™ addresses the major issues in dentistry: pain and anxiety management



Examples of Use

- Administration of local anaesthetic
- Initial examination of patients in pain
- Removal of temporary crown/bridges
- Hand scaling and root planning
- Ultrasonic scaling
- Extractions
- Incision and drainage of abscesses
- Suture removal

Trial Results*

Question	Positive Response
Nervousness decreased	88%
More relaxed during disliked section of treatment	97%
Injection more comfortable than normal	90%
Felt in control of level of sedation	97%
Easy to administer	94%
Want Pentrox in future dental appointments	97%

* Trial sample = 38
Source: Dr Steven Parker

Growth Strategy – Pentrox (International)

International growth in FY06 could be exciting in new markets where registration is obtained



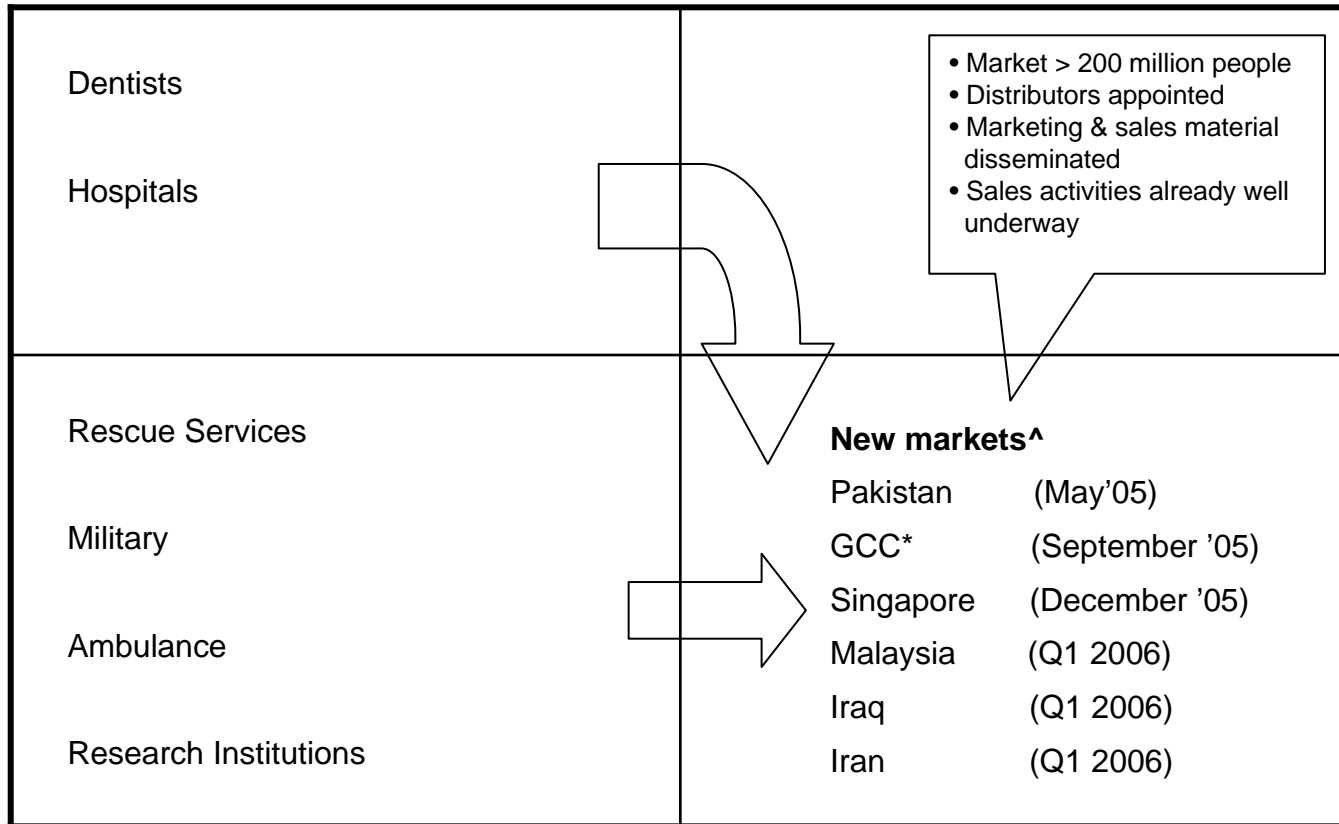
Methoxyflurane Growth Strategy

Medical Developments International

Applications/Uses

New

Current



New markets^

- Pakistan (May'05)
- GCC* (September '05)
- Singapore (December '05)
- Malaysia (Q1 2006)
- Iraq (Q1 2006)
- Iran (Q1 2006)

Australia

The World

Markets (Customers)

^ Registrations also being pursued in India, South Africa, USA, Korea, Canada, EU

*Saudi Arabia, Kuwait, UAE, Qmar, Qatar and Bahrain

Operational Capacity

There is sufficient manufacturing capacity to meet prospective demand in FY2006



- Manufacturing Infrastructure
 - Capacity sufficient to meet prospective demand in 2006
 - Capex of \$120k to install capacity for further growth
 - “Greenfields” plant in preliminary design phase

- Human Resources
 - Additional sales capability planned
 - Operational staff will be added as required

Growth Strategy – Medical Devices

In FY06, growth should be moderate. The focus will be on optimising the value of existing distribution arrangements together with making select new appointments



Current Distribution Arrangements (to be leveraged)

United Kingdom	Iraq
Taiwan	Australia
Saudi Arabia	New Zealand
UAE	Canada

New Distribution Arrangements (under negotiation or targeted)

USA	France
Germany	Italy
Greece	Scandinavia



MDI Financial Profile

MDI is profitable despite making significant investments in growth

Key Financials (as at 31 December 2004)

	\$000
Revenue	2850
EBITDA	555
NPAT	117

Key Investments in Growth (6 months to 31 December 2004)

	\$000
Registrations [^]	370
Marketing	320
Research & Development	<u>20</u>
	<u>710</u>

[^] \$173k capitalised

FY05 Prognosis

Sales will exceed FY04 sales (annualised) but are unlikely to meet forecast due to lower than forecast sales in Medical Devices



Product

Comment

Penthrox™

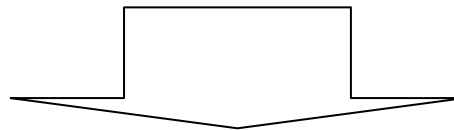
Ambulance growth in line with forecast
Expect orders from Pakistan Military, UAE Military & Oz Dentistry
NZ Ambulance take-up deferred until FY '06

Medical Devices

Contract transition issues carried into Second Half

Veterinary Equipment

Korean distributor discontinued but other distributor sales have increased



Profitable

Cashflow positive

Significant upside

Closing Comments



- Base of existing revenue, cashflow and profits
- Pentrox™ will be the growth engine in FY2006 with significant sales likely in Dentistry, the Middle East and Asia
- Pentrox™ sales in hospitals and GP's will grow more slowly
- Moderate growth is expected in medical devices in FY2006
- Activities required to generate FY2006 revenues will be funded from operations
- Dependent on sales growth, additional investment may be required by end of FY2006 to fund the development of a larger scale Pentrox plant