



**MEDICAL DEVELOPMENTS INTERNATIONAL
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October 19th, 2004

Chairman's address at Annual General Meeting

Pursuant to listing rule 3.13.3, please find following the address that will be given by the Chairman at Medical Developments International Limited's Annual General Meeting to be held today, 19th October.

Jeremy Payling
Company Secretary

Medical Developments International Limited AGM Chairman's Address

While MVP has been around for some time, in many ways it is only a start up company. The plant and manufacturing process that MVP uses to make its pain relief drug was only recently developed in conjunction with CSIRO and consultants. In December 2002, that plant and manufacturing process was registered by the TGA. In late 2003 we purchased MVP and floated it on the ASX in December 2003.

MVP had three divisions; Medical Equipment, Veterinary Equipment, and a pain relief product and delivery device. All three divisions have good growth prospects, but it was the pain relief agent – Pentrox – that we saw as having enormous world wide potential.

Ironically, Medical Developments has had little or no public recognition, but it received some free and valuable publicity when the Survivor program was in Australia, and from famous AFL footballers using the product after on-field accidents. The unsolicited reactions to this exposure served to underline our confidence that an untapped world market existed for Pentrox and MVP.

The listing of MVP delivered the financial and human resources to allow the company to take advantage of this significant growth potential. These opportunities are now being pursued with vigour and we believe in the near future we will successfully introduce our products to a number of other countries for use in their ambulances and hospitals, and by their defence forces.

To achieve our strategy we have used the last 10 months to build a solid foundation for future growth. We have:

- Appointed key personnel
- Developed registration capabilities
- Built national and international relationships; and
- Developed marketing and operational infrastructure

The results after only a short period since listing are very encouraging:

- There is on-going growth in the Australian pre-hospital emergency pain relief market and every ambulance service now uses Pentrox
- Other large market segments are being actively targeted including hospitals, GP's surgeries and dentists. A number of hospitals are conducting, and are close to finalising, trials of the product for new applications
- There is enormous potential internationally, with our first international sale of Pentrox – to Dubai police – occurring recently. We hope to be able to announce sales in other countries in the near future, and there are trials of the product that have started (India and Japan) or are anticipated to start before Christmas (Pakistan, Thailand and Brunei)
- Whenever Pentrox has been promoted at conferences and trade shows it generates huge interest. When we present it face to face around the globe, the reaction has been uniformly positive

As you can see, our strategy is to enter new geographic markets and to find new uses for the existing products. To ensure we can capitalise on all this we are pursuing an aggressive international registration programme. As registration can be a time consuming process, we have a strategy to protect our commercial points of difference in the meantime.

Pentrox is not our only product, and our Medical and Veterinary Devices also have some exciting growth opportunities that will allow us to take advantage of unique features that are highly valued in their markets. Specifically, we have:

- Significant growth potential in Australia, with the recent appointment of a national distributor

- A solid and growing business in NZ, with the signing of a sole source agreement for our peak-flow meters with the NZ government
- Considerable growth potential in international markets where agents have been recently appointed (including GCC countries, Korea, Iran and Taiwan) and where we are seeking additional agents (USA and Europe)

As I stand here only 11 months since listing, we observe that MVP is the third most successful IPO from the 2004 financial year in terms of its 340% gain on issue price. To support this, the Board is happy to report that in FY2004 we slightly bettered our pro-forma FY2003 earnings disclosed in the prospectus and after only circa 6 months of operations we were able to pay a small dividend.

Ladies and Gentlemen, MVP has and is developing a solid business based on existing products and intellectual property. It is a company that has existing products, markets and profits, enormous growth prospects, and significant momentum. On behalf of the Board, I would like to thank you all as shareholders for supporting the Company.

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