



February 26th, 2009

HALF-YEAR REPORT

Pursuant to listing rule 4.2A, please find following Medical Developments International's Half-Year Report and associated results announcement, which should be read in conjunction with the most recent annual financial report.

Jonathan Kadish
Company Secretary



CONSOLIDATION OF REGULATORY AND CUSTOMER PLATFORM FOR FUTURE GROWTH.

Medical Developments International Ltd. (ASX:MVP) today reported financial results for the half-year ended 31 December 2008.

Revenue from ordinary activities was flat, while NPAT for the period was up by 5.9% to \$446,000. Profit was after capitalising \$328k in regulatory registration costs (\$28k in 2007) but a further \$419k of regulatory costs were expensed in the period (\$612k in 2007).

	Half-year ended 31 Dec 2008 \$000	Half-year ended 31 Dec 2007 \$000	Percentage increase/ (decrease)
Revenue from ordinary activities	4,335	4,327	0.2%
EBITDA	800	771	3.8%
EBIT	633	613	3.3%
Net Profit After Tax	446	421	5.9%
Basic EPS	0.8	0.7	14.3%

Operational Summary

Pentrox: Solid sales growth was achieved for Pentrox in Australia, driven mainly by increased revenues in Ambulances, Dentistry and Hospitals. Export sales of Pentrox increased with the greatest uptake in New Zealand, the United Arab Emirates and Saudi Arabia. Further export growth is expected in 2H FY09 from these countries as well as from new country registrations and approvals.

Medical Devices: Revenue from MVP's medical devices business was below that reported for the same time last year. This is mainly due to timing issues, but also because of a decline in sales into Asia. MVP expects growth in the devices business in 2H FY09 as a result of various business and market development activities in 1H FY09.

The Prospects for 2H FY09 and Beyond

The Board and management are optimistic about the near terms prospects and financial performance of the business for the following reasons:

- The recent registration of Methoxyflurane for Veterinary use in the USA will allow the launch of the drug in the USA in March 2009;
- Significant cost has been incurred building the Pentrox Clinical Profile to enhance the quality of data submitted for registration in new countries. Pentrox is currently under registration review in 18 countries;
- Sales in Australia for use in Dentistry, Aesthetic medicine and Hospitals are anticipated to improve by new and improved local strategic alliances;
- Further growth of sales in New Zealand is expected with the integration of Pentrox into the treatment protocols in the Ambulance Service;
- Pharmaceutical Benefits Scheme reimbursement listing of Pentrox into the Emergency Doctors Bag for use in General Practice in Australia is expected in the near future;
- Forecast growth of MVPs medical devices into Europe now that MVP's Asthma range of products is approved for the UK National Health Scheme for supply to hospitals. The launch of the UK range is expected in 2H FY09.

Capital Management

The Company is debt free, and cash flow, positive and has in place a solid and growing platform for future growth and cash flow. In November, MVP announced an on-market buyback of its shares. To date no shares have been purchased but the buyback remains in place given the Company's surplus cash position.

Further Information:

Mr. Chris Rossidis
Chief Executive Officer
0417 112 590

Mr. David Williams
Chairman
0414 383 593



Half-Year Report (Appendix 4D)

Financial Half-Year Ended 31 December 2008

(Previous corresponding period: half-year ended 31 December 2007)

Medical Developments International Ltd.
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Results For Announcement To The Market

The following information is provided in accordance with ASX Listing Rule 4.2C.3

		Percentage Change		Amount \$'000
Revenue from ordinary activities	Up	0.2%	to	4,335
Profit after tax from operating activities attributable to members	Up	5.9%	to	446
Net Profit after tax attributable to members	Up	5.9%	to	446

No interim dividend per ordinary share has been declared (half-year ended 31 December 2007: no interim dividend declared).

There is no Dividend Reinvestment Plan currently in operation.

Net tangible asset backing per ordinary share at 31 December 2008 was 6.3 cents (31 December 2007: 6.3 cents)

Brief explanation of the figures above

Refer to the review of operations preceding.

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Half-Year Report for the Half-Year Ended 31 December 2008

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Medical Developments International Ltd.
Half-Year Financial Report

Directors' Report

The directors of Medical Developments International Limited ("MDI") herewith submit the financial report of Medical Developments International Ltd. for the half-year ended 31 December 2008. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names of the directors of the company during or since the end of the half year are:

Mr D J Williams (Chairman)
Dr A Coulepis
Mr I M C Kirkwood
Mr A D McCallum
Dr H F Oxe
Mr M Van Ryn

Review of Operations

A detailed review of the operations of the company during the half-year and the results of these operations is set out in the accompanying results announcement.

Auditor's Declaration of Independence

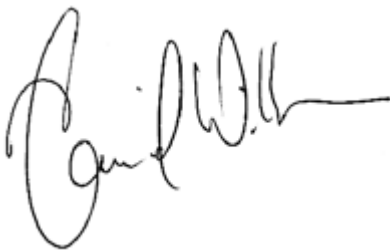
The auditor's independence declaration under s.307C in relation to the review is included on page 5.

Rounding Off of Amounts

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars.

Signed in accordance with a resolution of the directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors.



David Williams
Chairman
Melbourne, 25 February, 2009

The Board of Directors
Medical Developments International Limited
7/56 Smith Road
SPRINGVALE VIC 3171

25 February 2009

Dear Board Members

Medical Developments International Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Medical Developments International Limited.

As lead audit partner for the review of the financial statements of Medical Developments International Limited for the half-year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely


DELOITTE TOUCHE TOHMATSU



JB West
Partner
Chartered Accountants

Independent Auditor's Review Report to the Members of Medical Developments International Limited

We have reviewed the accompanying half-year financial report of Medical Developments International Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, cash flow statement, statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration as set out on pages 8 to 14.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Medical Developments International Limited's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Medical Developments International Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Medical Developments International Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

JB West

JB West

Partner

Chartered Accountants

Melbourne, 25 February 2009

Medical Developments International Ltd.
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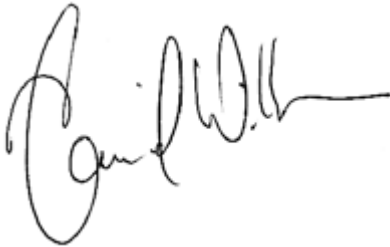
Directors' Declaration

The directors declare that:

- a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'David Williams', with a long horizontal flourish extending to the right.

David Williams
Chairman
Melbourne, 25 February, 2009

Medical Developments International Ltd.
Half-Year Financial Report

Condensed Income Statement for the Half-Year Ended 31 December 2008

	Half-year ended 31 Dec 2008 \$'000	Half-year ended 31 Dec 2007 \$'000
Revenue from sale of goods	4,335	4,327
Cost of sales	(1,505)	(1,529)
Gross Profit	2,830	2,798
Other income	15	58
Distribution expenses	(185)	(148)
Marketing expenses	(372)	(540)
Occupancy expenses	(105)	(85)
Administration expenses	(614)	(619)
Regulatory and registration expenses	(419)	(612)
Other expenses	(505)	(228)
Finance costs	-	(6)
Profit before income tax expense	645	619
Income tax expense	(199)	(198)
Profit for the period	446	421
Earnings per Share:		
Basic (cents per share)	0.8	0.7
Diluted (cents per share)	0.8	0.7

Notes to the financial statements are included on pages 13-14

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Half-Year Financial Report

Condensed Balance Sheet as at 31 December 2008

	31 Dec 2008 \$'000	30 Jun 2008 \$'000
Current Assets		
Cash and cash equivalents	798	473
Trade and other receivables	1,957	2,025
Inventories	1,461	1,011
Other	143	93
Total Current Assets	4,359	3,602
Non-Current Assets		
Plant and equipment	946	1,027
Goodwill	7,368	7,368
Other intangible assets	1,341	1,050
Deferred tax assets	137	142
Total Non-Current Assets	9,792	9,587
Total Assets	14,151	13,189
Current Liabilities		
Trade and other payables	1,236	798
Provision for Annual Leave	84	92
Current tax liabilities	212	175
Total Current Liabilities	1,532	1,065
Non-Current Liabilities		
Provision for Long Service Leave	59	26
Other	297	297
Total Non-Current Liabilities	356	323
Total Liabilities	1,888	1,388
Net Assets	12,263	11,801
Equity		
Issued capital	7,985	7,985
Reserves	168	152
Retained earnings	4,110	3,664
Total Equity	12,263	11,801

Notes to the financial statements are included on pages 13-14

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Half-Year Financial Report

Condensed Statement of Changes in Equity for the Half-Year Ended 31 December 2008

	Half-year ended 31 December 2008				Half-year ended 31 December 2007			
	Issued capital \$'000	Retained earnings \$'000	Employee equity settled benefits reserve \$'000	Total \$'000	Issued capital \$'000	Retained earnings \$'000	Employee equity settled benefits reserve \$'000	Total \$'000
Opening balance at 1 July 2008	7,985	3,664	152	11,801	8,092	2,840	89	11,021
Profit for the period	-	446	-	446	-	421	-	421
Income or expenses recognised directly in equity	-	-	-	-	-	-	-	-
Total recognised income & expense	-	446	-	446	-	421	-	421
Reversal of share based payment (i)	-	-	-	-	-	-	(4)	(4)
Share based payment	-	-	16	16	-	-	43	43
Dividends provided for or paid	-	-	-	-	-	-	-	-
Closing balance at 31 December 2008	7,985	4,110	168	12,263	8,092	3,261	128	11,481

Notes to the financial statements are included on pages 13-14

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Condensed Cash Flow Statement for the Half-Year Ended 31 December 2008

	Half-year ended 31 Dec 2008 \$'000	Half-year ended 31 Dec 2007 \$'000
	Inflows (Outflows)	Inflows (Outflows)
<i>Cash flows from operating activities</i>		
Receipts from customers	4,426	4,432
Payments to suppliers and employees	(3,707)	(3,536)
Receipts from government grant	-	16
Interest received	11	12
Interest and other costs of finance paid	-	(6)
Income tax paid	-	(208)
Net cash provided by operating activities	<u>730</u>	<u>710</u>
<i>Cash flows from investing activities</i>		
Payment for plant and equipment	(62)	(94)
Payments for other intangible assets	(328)	(28)
Receipts from government grant	-	52
Net cash used in investing activities	<u>(390)</u>	<u>(70)</u>
<i>Cash flows from financing activities</i>		
Repayment of borrowings	-	(250)
Net cash used in financing activities	<u>-</u>	<u>(250)</u>
<i>Net increase/(decrease) in cash held</i>	340	390
<i>Cash at the beginning of the half-year</i>	473	335
Effects of exchange rate changes on the balance of cash held in foreign currencies	(15)	(1)
<i>Cash at the end of half-year</i>	<u>798</u>	<u>724</u>

Notes to the financial statements are included on pages 13-14

Notes to the Financial Statements for the Half-Year Ended 31 December 2008

1. Accounting policies

Statement of Compliance

This half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 “Interim Financial Reporting”. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 “Interim Financial Reporting”. The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Basis of Preparation

The condensed half-year financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. Unless otherwise indicated, all amounts are presented in Australian dollars.

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors’ report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the company’s 2008 annual financial report for the financial year ended 30 June 2008.

2. Subsequent events

There has not been any matter or circumstance that has arisen since the end of the half-year that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future years.

3. Dividends

	Half-year ended 31 Dec 2008	Half-year ended 31 Dec 2007
	cents per share	cents per share
	\$'000	\$'000
Recognised amounts		
<i>Fully paid ordinary shares</i>		
Final dividend paid	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

4. Segment information

Products and services within each business segment

For management purposes, the company is organised into three business units – pharmaceuticals, medical devices and veterinary products. These units are the basis on which the company reports its primary segment information. The principal products and services of each of these divisions are as follows:

- Pharmaceuticals – the sale of Pentrox[®] primarily within Australia and New Zealand, but with some sales in Europe, the Middle East and North America

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- Medical Devices – the sale of medical devices, particularly the Space Chamber and Breath-Alert Peak-Flow meters, primarily within Australia and New Zealand, but with some sales in Asia, Europe, the Middle East and North America
- Veterinary Products – the sale of veterinary devices within Australia and Europe

Segment revenues and results

	Pharmaceuticals		Medical Equipment		Veterinary Equipment		Unallocated		Total	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Revenues:										
External sales	2,787	2,429	1,404	1,689	110	209			4,301	4,327
Other income							49	58	49	58
Total revenue									<u>4,350</u>	<u>4,385</u>
Results:										
Segment results	735	538	394	433	8	78			1,137	1,049
Unallocated							(492)	(430)	(492)	(430)
Profit before income tax expense									645	619
Income tax expense									(199)	(198)
Net profit									<u>446</u>	<u>421</u>

5. Contingencies and commitments

There have been no changes to contingent liabilities or contingent assets since 30 June 2008.