

## RECORD PROFIT, STRONG GROWTH AND 3 CENTS FULLY FRANKED INTERIM DIVIDEND

Medical Developments International Ltd. (ASX:MVP) delivered a **Record Net Profit After Tax of \$1,444,000** for the half year ended 31 December 2012, which represents a **25% increase** on H1FY2012 (\$1,156,000).

### The financial result represents:

**23%** increase in Sales to \$6,482,000

**23%** increase in Earnings before interest and tax to \$1,951,000

**165%** increase in Sales of Asthma Devices in Australia

**109%** increase in Sales of Asthma Devices Internationally

**66%** increase in Sales from Medical Devices

**267%** increase in Sales of Pentrox® to GPs and Hospitals

### KEY ACHIEVEMENTS

- Completed the Pentrox® Phase III Pivotal Clinical Trial. All Endpoints successfully met
- Won tender to exclusively supply GSK Australia with Asthma devices
- Won international tender to exclusively supply Canadian Hospitals with Asthma devices
- Obtained approval from UK authorities to reimburse the cost of Space Chambers
- Established European Head Office
- Appointed distributors in Europe and Asia for Asthma devices
- Lodged application with the FDA to approve Asthma devices for sale in the USA
- Signed a research and development program with CSIRO for the manufacture of Pentrox®
- Growth in New Zealand, GCC and the Middle East in Pentrox®
- Australian growth in 'Doctor's Bag' and Hospital business for Pentrox®
- Ongoing success and focus on improvements in manufacturing efficiency
- Completed Royal Adelaide Hospital trial for use of Pentrox® in colonoscopy

# RECORD PROFIT, STRONG GROWTH AND 3 CENTS FULLY FRANKED INTERIM DIVIDEND

The increase in profitability is a result of our aggressive program of change and innovation to deliver growth and cost efficiencies. Profits are up substantially and the growth in sales is significant.

The Medical Device and Pharmaceutical businesses continue to grow. During the period we have heavily invested for the long term growth of the business and these initiatives are already beginning to deliver pleasing results. Both businesses have substantial near- and long-term growth opportunities, some of which are detailed below.

## Pharmaceuticals

MVP enrolled the last patient in its Phase III Pivotal Study in the United Kingdom in July 2012 and announced the results of the study to the market in January 2013. In summary all Primary and Secondary Endpoints of the study were met and the data evidences the safety and efficacy of Pentrox®. This is a significant milestone for our company.

We continue to work on our Regulatory Dossier and our European Marketing Authority Application which, if successful, will facilitate the sale of Pentrox® into selected European markets and the rest of the world (excluding the US). We are making good progress with both.

The company achieved double digit growth in sales of Pentrox® to a large number of its developing markets including International, Dentistry, Cosmetics, and Doctor's Bag & Hospital markets. Our Ambulance business in Australia is steady.

MVP completed its Colonoscopy Study at the Royal Adelaide Hospital which clearly demonstrated the safety, efficacy and significant benefits of using Pentrox® for this procedure. We plan to develop sales in this new market during the course of 2013.

We announced in July 2012 we had launched a significant research initiative with the CSIRO aimed at improving the productivity of our pharmaceutical manufacturing business. This initiative is progressing well and if successful, will deliver significant benefits and valuable intellectual property to MVP in the short to medium term.

## Medical Devices

### Asthma

In the first half of FY2013, MVP made a significant investment in our Asthma business, establishing a European Head Office, appointing a European Business Development Manager, Global Asthma Co-ordinator and additional sales staff. The results are very promising and we believe we are establishing an international platform that will deliver long term sustainable and significant profit growth.

Our application to the US Food & Drug Authority to allow the sale of our Asthma Devices in the US has been submitted and we have received the first round of questions which we are well on the way to answering. We are hopeful that we will receive approval during 2013.

In November 2012, we won an international tender to supply up to 70% of Canadian hospitals with our Asthma Devices and the first order pursuant to that tender win has been received and delivered. In December 2012, MVP won the exclusive right to supply Glaxo Smith Kline (Australia) with our Space Chamber Compact for 2 years. Both the Canadian and GSK (Australia) deals are expected to deliver significant profit to our business.

We now have established distribution capabilities in the UK, Canada, Germany, Belgium, Holland, Luxemburg, Switzerland, Hong Kong, Singapore, New Zealand, UAE and Austria. We are working on opportunities in Denmark, Italy, Spain and France amongst others which we hope to conclude in FY2013.

# RECORD PROFIT, STRONG GROWTH AND 3 CENTS FULLY FRANKED INTERIM DIVIDEND

Internationally (excluding New Zealand) our Asthma Device business grew 109% and in Australia the business grew 165%.

We have a number of products in development which will add to our market leading range and deliver increased opportunity for growth.

## Medical Devices

### Other and Vet

Our medical device business grew during the period. We have a number of significant opportunities to deliver consistent growth which we hope will further improve the performance of this business.

Our Vet business is steady. Our Australian business has delivered reasonable growth whilst our European business is slower than expected. We expect Europe to rebound during the second half of the year.

## Operations

### Operating Expenses

During the period the Company invested heavily in sales and marketing activities adding four new staff including a Business Development Manager for Asthma in Europe and appointing a Global Asthma Co-ordinator. Additional funds were spent on sales activities in Australia, Eastern Europe and the Middle East where our business is growing.

Overall we are pleased the operating costs to sales ratio has improved during the half year (H1FY13) 41.93% : (H1FY12) 42.13%.

### Cash Flow

During the period the Company achieved a 20% increase in cash receipts as a result of increased sales and invested its cash reserves as follows:

1. To further develop intangible assets \$1,175,000
2. Paying dividends of \$1,050,000
3. Purchase fixed assets of \$317,000

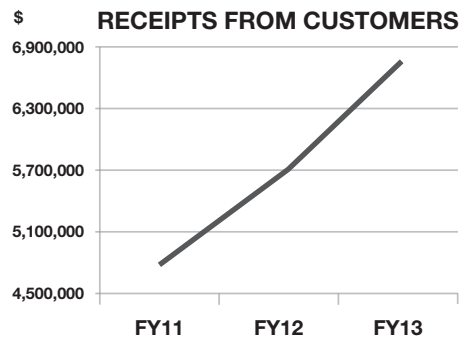
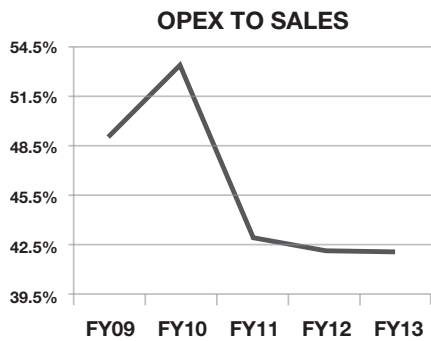
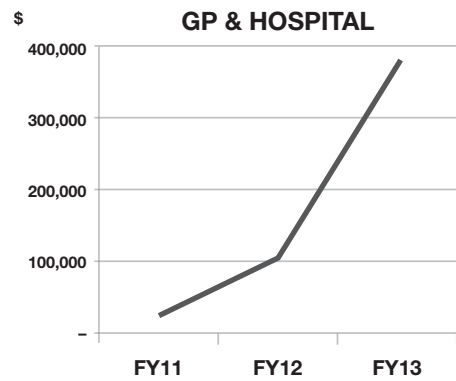
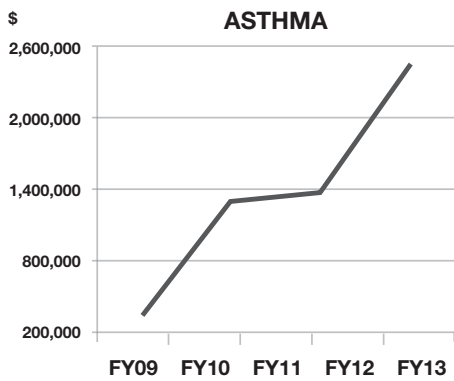
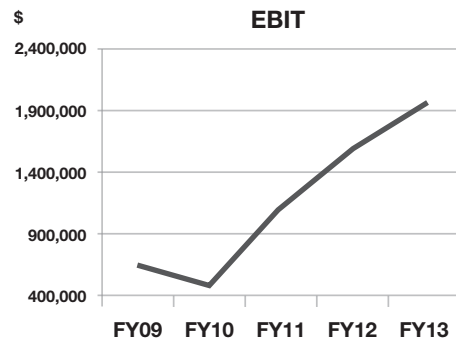
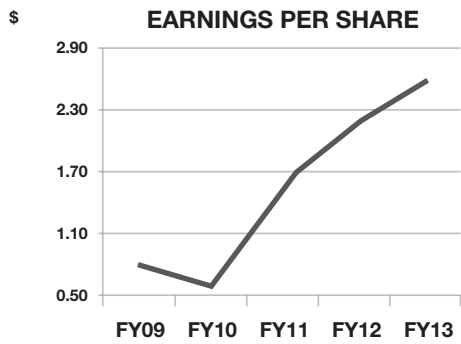
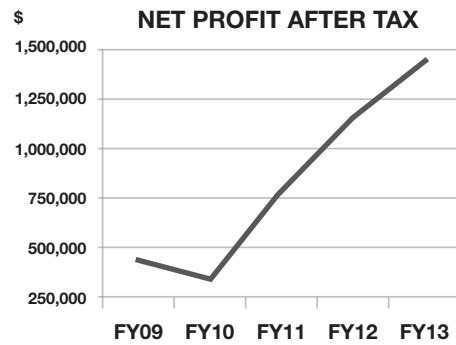
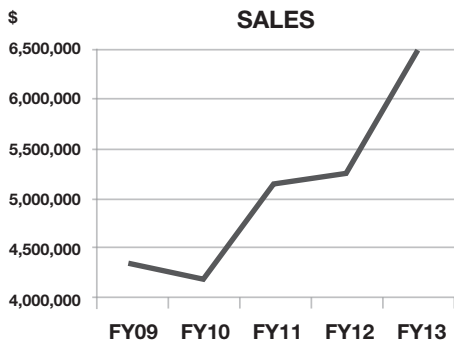
## Summary

Since H1FY2010, MVP has improved all aspects of its business (as illustrated by the graphs). The Company has a portfolio of world class products and a strong existing business.

MVP is investing heavily in its future prospects in both Medical and Pharmaceutical businesses in terms of clinical trials, regulatory applications, people and product development.

During the period the MVP share price increased from \$0.79 (1 July 2012) to \$2.10 (as of February 2013).

# RECORD PROFIT, STRONG GROWTH AND 3 CENTS FULLY FRANKED INTERIM DIVIDEND



# RECORD PROFIT, STRONG GROWTH AND 3 CENTS FULLY FRANKED INTERIM DIVIDEND

## Outlook

Our strategy to introduce Pentrox® to new markets revolves around the development and delivery of a world class Regulatory Dossier. We are well on the way to deliver this strategy with our European Clinical Trial and other trials.

In addition, MVP is well placed to deliver future growth through its range of Asthma equipment and devices.

With strong cash flows, cash reserves and no debt, MVP is well placed to capitalise on the market leading position it has across a number of markets and countries.

### Further Information:

Mr John Sharman  
Chief Executive Officer  
+613 9547 1888

Mr David Williams  
Chairman  
+61 414 383 593