



ASX/MEDIA RELEASE

ASX: MLA 25th November 2010

Update on Care Essentials transaction and Placement of the rights issue shortfall

Sydney, 25th November 2010: In July this year Medical Australia Limited (ASX:MLA) announced that it was proposing to raise funds to finance the acquisition of Care Essentials through a non-renounceable rights issue.

MLA's Board and Management team has since reviewed the company's growth strategy and determined that raising additional capital at this time based on the current share price would be too dilutive for shareholders. As such, the company has taken the decision not to pursue the Care Essentials transaction.

MLA's Chief Executive Officer Mark Donnison added: "While we would have liked to complete this transaction, MLA now has a number of organic growth opportunities that we are pursuing that will deliver increased revenue and earnings that will more than supplement the revenue we would have gained from this transaction.

"We believe it is only prudent to pursue acquisitive growth when MLA's share price is at acceptable levels and we are not diluting existing shareholders to such a great extent. We are very encouraged by the organic growth prospects for MLA, particularly our recently announced OEM partnerships and our international distribution opportunities."

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Medical Australia Limited (ASX : MLA) is a medical company engaged in the manufacture, distribution and sale of a broad range of medical devices used by healthcare facilities and critical care services in global markets. The Company is a leader in Intravenous (IV) Medication Delivery Systems, Surgical Irrigation, Suction and Oxygen Therapy, Safety Sharps Collection and Reuse Prevention and specialised Diagnostic and Laboratory Equipment. Our products are used in three broad areas of healthcare, Human Health; Biological Collection, Processing and Laboratory; and Animal Health.

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