3D Medical Limited announces half- yearly results

3D Medical Limited (ASX:3DM) (**3D Medical** or the **Company**) announces its results for the half year ended 31 December 2015 (**Half Year**)

The Board is pleased to advise that the Company achieved revenue growth during the Half Year. Revenue from the sale of goods and services for the period ($348,639) was more than double that achieved during the 2015 financial year ($167,081). This increase in revenue was achieved as a result of the continued efforts by the Company to identify product and market opportunities for its 3D-printed products and related software solutions designed to value-add medical image data.

Cash flow over the Half Year included $231,136 in cash receipts from customers. Cash outflows included $526,027 in payments for plant and equipment, principally relating to the acquisition and commissioning of 3D-printers, and an amount of $2,193,382 paid as a secured loan to Mach7 Technologies. The cash balance of the Company at 31 December 2015 was $2.6 million.

During the Half Year, the Company undertook a number of capital raising initiatives, including an offer to existing shareholders to subscribe for shares under a share purchase plan at an offer price of $0.075 per share, and a placement to sophisticated investors at $0.075 per share. These initiatives raised approximately $4.3 million in new capital before costs. As at 31 December 2015 the Company had total assets of $6.2 million.

Achievement of corporate strategy milestones during period

The Directors are pleased to have achieved a number of milestones in the Company's corporate strategy during the Half Year. As previously advised to the market, the Company's short to medium objectives are to:

1.   Develop intellectual property
2.   Enter new markets and develop new products
3.   Develop human capital
4.   Build sales channels
5.   Complete merger with Mach7
6.   Drive revenue growth

The Board is pleased to report on the Company's progress during the Half Year in respect of these targets as follows:

Strategic Target #1: Development of intellectual property

The Company has achieved the initial accreditation milestone towards ISO accreditation with the successful completion of the first stage audit of the Company's comprehensive quality management system. Once fully implemented, the quality management system and ISO accreditation will form valuable intellectual property (and a barrier to entry for competitors) as the Company builds commercial scale as a trusted supply chain partner in delivering custom made and mass-customised medical devices to the global healthcare sector.

The Company also announced it had entered into a partnership with Intelerad Medical Systems to develop a software enhancement for Intelerad's InteleViewer™ software. The software enhancement will allow clinicians using Intelerad's software to order 3D printed anatomical

models from the Company directly from within the clinical workflow. This pioneering enhancement will provide unique intellectual property for the Company including the software enhancement, customer lists and an ordering platform across 1,000 sites globally.

Strategic Target #2: New products and new markets

The Company has also entered into a collaboration agreement to work on the development of 3D printed mass-customised dental prosthesis for the Australian market. APRA's *Private Health Insurance Quarterly Statistics* report that, each quarter in Australia, around $1.1 billion in benefits is paid for general treatment with more than half of those benefits being paid for dental services. The Company is making efforts to develop a new range of innovative 3D printed dental products to supply the well-established Australian dental market.

The Company has also entered into a reseller agreement for the eUnity™ medical image viewing and collaboration platform. This agreement provides the Company with another new product that extends its capabilities in offering solutions that value-add medical imaging data. The Company also announced the first eUnity sale in Australian under this agreement.

Strategic Target #3: Human capital

The Company has set about strengthening the management team with the appointment of Jenni Pilcher as CEO of its Australian operations. Jenni has 10 years' experience in two leading Australian biotechnology companies, Alchema and Mesoblast. Jenni will also assume the role of Global CFO immediately upon completion of the proposed merger with Mach7 Technologies. Additionally, it is proposed a number of new Directors will join the Company upon completion of the merger with demonstrated experience in corporate finance, emerging healthcare technology investment and multinational healthcare hardware and services. Finally, Mach7 has announced the appointment of senior business development staff including senior vice president US sales and senior vice president international sales.

Strategic Target #4: Build sales channels

The Company successfully completed the first implementation of Mach7 Technologies Enterprise Imaging Platform with its distribution partner Telstra Health. The foundation customer in Australia entered into a four-year licence agreement that delivers monthly licence fee revenue to the Company based on the number of medical images archived in the Mach7 platform. It is expected the customer will generate more than 1 million medical images annually. This foundation customer also provides a valuable reference site as the Company continues to work with its distribution partner Telstra Health to build a sales channel for distribution throughout Australia.

Strategic Target #5: Merger with Mach7

The Company will be convening a general meeting of shareholders to consider resolutions relating to an all-scrip (non-cash) merger with Mach7 Technologies, whereby the Company will acquire 100% of the shares in Mach7 Technologies. The Board expects to be in a position to despatch a notice of meeting to shareholders in the coming weeks, for a meeting to be held in late March 2016.

Since listing on the ASX, the Company has enjoyed a close working relationship with Mach7 Technologies as its exclusive distributor in Australia and New Zealand and sees a number of customer and product synergies that can be achieved by the merger. As at 31 December 2015,

Mach7 Technologies had achieved an annual revenue of USD$5.7 million and has an order book of USD$9.9 million in signed contracts yet to be recognised.

Strategic Target #6: Revenue growth

The Company is confident that both manufacturing revenues from 3D-printing and licencing revenues from the distribution of software solutions will continue to grow in the Australian market as it identifies new customers and market segments.

The proposed merger with Mach7, which is subject to approval by shareholders, will see all revenues from Mach7 Technologies being consolidated with the other revenues earned by the Company. The addition of Mach7 Technologies USD-denominated revenues will provide a sizeable revenue base for the Company, and this revenue base is expected to have significant growth as Mach7 continues to secure new licence agreements and completes implementation milestones with healthcare providers in USA and internationally.

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About 3D Medical Limited:

At 3D Medical our aim is to aid medical professionals in the facilitation of improved clinical care, improving medical procedures, diagnostics and ultimately improving patient outcomes. 3D Medical is a medical specific 3D printing and holographic projection and data integrations provider. Our services 3D Medical Printing; EchoPixel (holographic projection technology); GestSure (in surgery image control); Mach7 (enterprise imaging solution provides healthcare organisations with the ability to archive, consolidate, access, and share medical imaging data across departments, locations and regions); and MediDATA provide medical practices the opportunity to leverage their analytical capabilities to gain an improved understanding of the characteristics of the patients which drive their business. These new and innovative products leverage data already captured by conventional imaging modalities and apply it in more meaningful ways to deliver improved economic and patient outcomes. On 27 January 2016, 3D Medical announced that it had entered into a binding Share Sale Agreement with Mach7 Technologies. Subject to shareholder approval, and upon successful completion of the merger, 3D Medical will change its name to Mach7 Technologies.

About Mach7 Technologies:

Mach7 Technologies is a global provider of enterprise image management systems that allow healthcare enterprises to easily identify, connect, and share diagnostic image and patient care intelligence where and when needed. Mach7's award-winning platform delivers image management including rapid record identification, integration, synchronisation and routing, advanced clinical viewing, and optimized vendor neutral archiving. Mach7 has locations in the U.S., Asia, Australia, and the Middle East. For more information, visit www.mach7t.com