



MEDICAL DEVELOPMENTS INTERNATIONAL LIMITED

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Chairman's and CEO'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 and the CEO at Medical Developments International Limited's Annual General Meeting to be held today, 3rd November.

Jeremy Payling
Company Secretary

Medical Developments International Limited 2005 AGM

Chairman's Address

MVP continued to build the foundations for strong future growth during the 2005 financial year, and our growth strategy remains the same: find new uses for existing products, enter new geographic markets and develop new products that offer material points of difference.

During FY 2005 we invested heavily in marketing and business development – to the tune of some \$1.3m, and expensed most of this – yet still made a small profit. We are nonetheless disappointed that significant sales of Pentrox into the Middle East did not eventuate; contract transition issues in Australia and New Zealand meant that our sales of spacechambers and peak-flow meters did not meet expectations; and sales of Pentrox to US research houses were stopped.

However, there is good news on the horizon on all these fronts, and more. The excellent opportunities in the Middle East and especially in the GCC countries (Saudi Arabia, Qatar, UAE, Bahrain, Kuwait and Oman) have not gone away. We forecast that sales in all these areas are imminent.

Registration in the GCC is expected prior to the end of the calendar year, which will allow us to generate sales this financial year, based on the business development work already undertaken.

Medical device sales have been excellent during the first four months of this financial year – particularly in New Zealand, where contract transition issues have been solved. In addition, we are close to signing a distribution agreement with a UK based company for distribution of our asthma management products in the UK.

Finally, as foreshadowed in the annual report, sales to research labs in the US have recommenced.

MVP has also developed a strong presence in the Australian dental market. Dentistry, in Australia and New Zealand, is likely to be a major market segment for MVP. Early indications suggest that this market could be as large as ambulance sales in Australia (about \$2.5m per annum). The indications that have led to the early adoption of Pentrox in dentistry have given us optimism for several other markets which we are presently pursuing. Simon Fisher our CEO will talk about these later.

As a consequence of all of this, Pentrox and Medical Equipment sales are higher than for the same period last year, and Directors forecast a significant increase in sales and profit.

We have ample manufacturing capacity, without the need for any significant capital expenditure, to meet any and all business development if and when it occurs.

Before I finish I would like to note some changes to the management and Board of MVP during the year. Firstly, we welcomed Dr Tony Coulepis to the Board as a Non-executive director on 13th July. Tony has many years experience in the biotech, pharmaceutical and diagnostic industries and was the founding Director of AusBiotech, Australia's peak biotechnology organisation.

Secondly, after a comprehensive search to find a new CEO, we have appointed an excellent candidate in Dr Simon Fisher, who joined the company at the end of September.

CEO's Address

I have been on board for about 4 weeks and would like to briefly outline my main priorities to take the company to the next level.

Firstly, develop new applications in Australia and New Zealand, where Pentrox is already registered. We have recently undertaken a strategic review of other therapeutic areas that would benefit from the use of Pentrox. High priority specialisations we are targeting include short procedures which result in significant pain and distress to patients. These include, but are not limited to, interventional radiology, gastroenterology, oncology and plastic and cosmetic surgery.

Secondly, we are undertaking a review of regional regulatory regimes. This involves engaging actively with regulatory bodies to ascertain those that recognise registration with the Australian Therapeutic Goods Administration as sufficient to apply directly for registration in their country. Prior to and once we are registered, we will primarily target the ambulance services, the military and dentistry, which have already demonstrated keen interest in many markets. Successes locally in the new therapeutic areas will then be translated into the new markets.

Finally, we are pursuing a robust drug registration process that will satisfy regulatory requirements in the US and Europe. This is already well underway with non-clinical trials in the UK, and clinical trials will start at the Peter McCallum Institute soon.

I am very excited at the enormous opportunities available to Medical Developments International.

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