

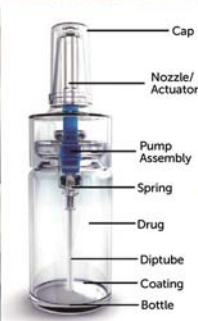
# MEDLAB CLINICAL LIMITED

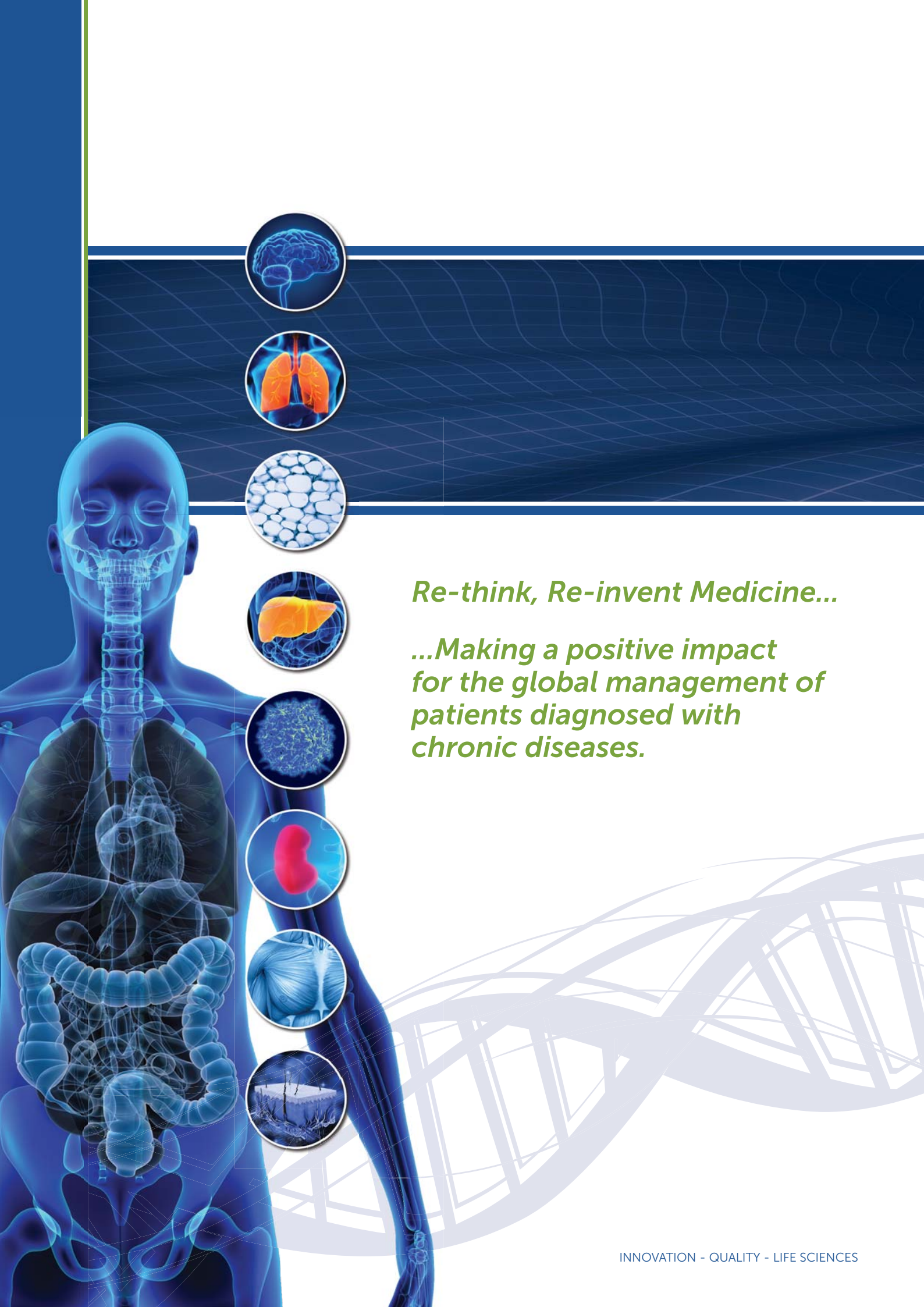
(ABN 51 169 149 071)



## ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017





*Re-think, Re-invent Medicine...*

*...Making a positive impact  
for the global management of  
patients diagnosed with  
chronic diseases.*

**Chronic diseases are the leading cause of illness, disability and death in Australia, accounting for 90% of all deaths in 2011 (AIHW 2011b).**

<http://www.aihw.gov.au/WorkArea/DownloadAsset.aspx?id=60129547726>

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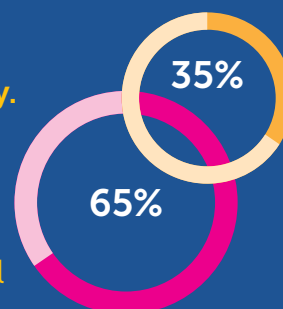
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### Mental Health

**Approx. 3 million Australians are living with depression daily.**

And yet, **only 35%** of people with Anxiety or Depression **access treatment**

**2nd most common** medical cause of **death & disability**



The cost of **chronic pain** in Australia in 2007 is approx. **\$34.3 billion**

### Intractable Pain Statistics

Statistics show

**cancer pain is under-treated**

**64%** in patients with metastatic or advanced stage disease

**59%** in patients on anticancer treatment

**33%** in patients after curative treatment

*Nearly one of two patients with cancer pain is undertreated.*



#### References:

1. The High Price of Pain: The Economic Impact of Persistent Pain in Australia, November 2007. MBF Foundation in collaboration with University of Sydney Pain Management Research Institute.
2. Australian Bureau of Statistics. (2008). National Survey of Mental Health and Wellbeing: Summary of Results, 2007.
3. Beyond Blue: [www.beyondblue.com.au](http://www.beyondblue.com.au)
4. Fisch M, Cleeland C et al. Prospective, Observational Study of Pain and Analgesic Prescribing in Medical Oncology Outpatients With Breast, Colorectal, Lung, or Prostate Cancer, Journal of Clinical Oncology, Vol 30, Number 16, June 1 2012.
5. van den Beuken-van Everdingen MHJ, de Rijke JM, Kessels AG, Schouten HC, van Kleef M, Patijn J. 2007. Prevalence of pain in patients with cancer: a systematic review of the past 40 years. Ann Oncol 18(9):1437-1449.

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# CHAIRMAN'S LETTER

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Dear Shareholder,

On behalf of the Board of Medlab Clinical Limited (Medlab), I am pleased to present our 2017 Annual Report.

In financial year 2017 we have progressed well with our key research programs, which in some cases are 12 to 18 months ahead of schedule, confirming our potential to produce positive commercial outcomes from our research.

Our strategy is to use our considerable knowledge in the field of probiotics, together with our patented medicine delivery system, NanoCelle™, to develop and prove concepts for medicines and nutritional products to treat chronic illnesses.

The chronic illness areas on which we are focused represent a large proportion of patient visits to doctors and also are a growing and large part of rising health costs.

Key areas of Medlab's work are:

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**Pain management**, with two clinical trials about to begin for our cannabis-based medicines, NanaBis™ and NanaBidal™, with both to be administered by NanoCelle™.

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**Depression**, where our probiotic, NRGbiotic™, is being trialled in combination with anti-depressant medications, with positive results leading to Phase II clinical trials.

---



**Obesity/diabetes**, where our probiotic, T2Biotic™, is bringing about weight management and reduction of incidence of diabetes.

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Medlab's point of difference is in submitting its research to clinical trials in major Australian institutions as a basis for broadening commercial potential in global markets. This creates a significant distinction in the area of medical cannabis where Medlab would be able to provide clinical data to back product claims.

Medlab's strategy includes building sales of nutritional or nutraceutical products to contribute to cash flow. Sales have appreciated at a good rate of growth from a low base and should increase further in financial year 2018 as our marketing agreement with Heritage Brands begins to have an effect.

Our shareholders have grown to over 1,700 and we thank all of you for your support.

A handwritten signature in black ink, appearing to read 'Michael Hall'.

**Michael Hall**  
Chairman



# CEO REPORT

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Dear Shareholder,

In the two years since listing on the ASX, Medlab has made considerable progress with its aim of commercialising its research.

Within this time frame, we have:

- two medicines in clinical trials, for depression and cholesterol management
- two more about to start, using our two different cannabis-based medicines
- several human trials completed
- Ethics and TGA approvals for commencement of our cannabis human trials
- testing of wider application of our medicine delivery system, NanoCelle™, under way
- 24 nutritional products on the market
- 6 to 8 more nutritional products in the immediate pipeline

The trial about to begin at Royal North Shore Hospital in Sydney for NanaBis™ with seriously ill oncology patients will be the first of its kind in the world.

Nutritional sales have grown from a standing start and this year were double the previous year. We expect the rate of growth to continue and to be further assisted by the agreement with Heritage Brands which is expected to deliver a boost to sales in the second half of financial year 2018.

## **HIGHLIGHTS OF FY17**

- HREC (Human Research Ethics Committee) approval for 2 cannabis trials; NanaBis™ (CBD/THC for advanced cancer pain) and NanaBidal™ (CBD for chemotherapy induced nausea and vomiting and seizures) COMPLETED.
- TGA clinical trial approval for Nanabis™ and NanaBidal™ COMPLETED.
- Commencement of Phase 2a Depression trials continuing prior work for stronger claims for NRGBiotic™, a product already in market, as a therapeutic for patients prescribed an antidepressant. COMMENCED.
- Trial conclusion for human trials in collaboration with the Boden Institute for treatment of pre-diabetic and type 2 diabetic Patients. Results showed significant, positive outcomes in prediabetes population for a product in manufacture and expected to be market ready within 3 months.
- The NanoCelle™ Atorvastatin program, NanoStat is proceeding as expected.
- Agreement with Heritage Brands signed, to develop a market channel expansion for Medlab products under the Heritage label.

## **GLOBAL RESEARCH OPPORTUNITIES/UPDATE**

Medlab's focus is still very much centered around developing novel therapeutics for the treatment of early and moderate stage chronic diseases. A video on Medlab's website explains this context.

Link to Chronic Diseases Video: <https://player.vimeo.com/video/220246612>

It is encouraging to report that some large multi-national pharmaceutical companies have expressed interest in our work and we intend to pursue further discussion in the year ahead.

Our next step is that we should see outcomes in several trial areas, especially with our two cannabis medicines. Both have potential for a fast access to market on the back of positive clinical trials outcomes which would establish confidence with Australian Regulatory and Medical stakeholders for appropriate continued usage.

Medlab's research endeavors are progressing well and on track with expectations.

For an update on the progress of our research programmes, refer to the chart at <https://www.medlab.co/research>.

## CEO REPORT (cont.)

### GLOBAL NUTRACEUTICAL OPPORTUNITIES

Sales of nutritional products have been assisted by our dedicated sales team and their educational efforts which have resulted in stronger market positioning, practitioner prescriptions and patient requests for the brand.

To date, we have some 1300 direct accounts in medical practices, pharmacies, and allied healthcare professionals.

To support this sales effort, we have introduced a practitioner journal *Efficacy*, aimed at empowering practitioners with scientific and medical information suitable for their practices. Shareholders can receive a copy of the latest *Efficacy* by emailing [hello@medlab.co](mailto:hello@medlab.co) and a link will be provided by return email.

In coming months Medlab will launch a number of clinical tools intended for practitioners supporting Medlab.

Distribution agreements with the UAE and Indonesia are also under discussion.

Medlab's agreement with Heritage Brands, announced in late June 2017, is progressing well and we expect to start the revenue pathway in the next few months, with a sales program commencing in early 2018.

Of Medlab's 24 nutraceutical products currently on the market, the most prominent are:

- Multibiotic™, Patent Pending, clinical trialled
- Mg Optima™ Relax
- NRGBiotic™, Patented, clinical trialled and currently in Phase 2a studies
- NanoCelle™ D3, Patent Pending, clinical trialled
- SB 5B™

As a benefit to supporters of Medlab, we are introducing a Shareholder discount of 25% allowing you to order personal stock as required. If you are interested in this offer, please email [investors@medlab.co](mailto:investors@medlab.co).

For more information on the Medlab nutraceuticals visit <https://www.medlab.co/nutraceuticals/products>



### FINANCIAL RESULTS

Total revenue for the year ending 30 June 2017 rose 70% to \$4,446,533 up from \$2,620,118 for the year ending 30 June 2016. Sales from the nutraceutical business for the year ending 30 June 2017 rose by 118% to \$3,272,926 from \$1,502,003 for the year ending 30 June 2016.

Medlab expects continuing sales growth of nutraceutical products from a combination of its current sales program, expansion of market coverage with assistance from Heritage Brands, with this expected to show effects from the second half of the 2018 financial year, and possible outcomes from discussions regarding other potential trade agreements in the nutraceutical industry.

# CEO REPORT (cont.)

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## **MARKET CONTEXT**

There are several aspects of the markets within which Medlab is operating that illustrate commercial potential around Medlab's work, with some examples being:

- In pain management, research shows pain is generally undertreated and with health concerns about community over-reliance on opioids, a cannabis-based alternative with clinical trial evidence has global potential
- Size of the statins market has been estimated at US\$12 billion globally and with one-third of patients reporting unwanted side effects, a lower dose administration of statins with NanoStat™ would create market interest
- Approximately 350 million people worldwide, or 5% of the world population, suffer from depression, with depression by 2030 projected to be the highest level of disability of any physical or mental disorder
- Over 25 million people in the US have diabetes and 1.7 million in Australia, creating a range of health and social concerns requiring better disease management

As we progress further with our clinical trials we expect industry interest in our work to increase.

## **OUTLOOK**

Medlab's business model involves working to build nutraceutical revenue and seeking shorter time frames for commercialisation of its research, with completion of Phase 2a trials our intended exit point.

We expect to make further progress with these aims in financial year 2018 as we extend sales of nutraceutical products and progress further with clinical trials.

An advantage of our work with cannabis-based medicines is that clinical trials have short time frames and the community need for these medicines gives them good prospects for approval under the TGA's Special Access Scheme.

While it is difficult in our sector to be definite about time line and prospects, we are developing nutritional products and medicines in areas of high need and demand which gives us confidence about the direction in which Medlab is heading.

## **CONCLUSION**

We appreciate shareholder support and acknowledge that our progress is the outcome of a great effort from the Medlab team, practitioners and the medical community.

Sincerely,



Sean Hall



# FINANCIAL REPORT

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- ✓ **Nutraceutical Sales up 118%**
- ✓ **No of Shareholders up to over 1,700 (just over 500 at IPO)**
- ✓ **Share price up approx 300% since IPO**

# DIRECTORS' REPORT

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Your directors present their report on the consolidated entity consisting of Medlab Clinical Limited and its controlled entities at the end of, or during, the year ended 30 June 2017.

## Directors

The following persons were directors of the company during the year and up to the date of this report, unless otherwise stated:

S.M. Hall  
M.J. Hall  
D.A. Townsend

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

## Principal Activities

The principal activities of the consolidated group are:

- Sale of nutraceutical products
- Pharmaceutical research

No significant changes in the nature of these activities occurred during the period.

## Review of Operations

The loss of the consolidated group after providing for income tax and non-controlling interest amounted to \$3,657,644 (2016: \$3,493,083).

At period end, the economic entity had total assets of \$4,697,554 (2016: \$3,265,971) and total liabilities of \$1,647,065 (2016: \$1,374,307).

A more detailed operations review can be found in the CEO report.

## Significant Changes in the State of Affairs.

No significant changes in the consolidated group's state of affairs occurred during the period.

## After Balance Date Events

No matters or circumstances have arisen since 30 June 2017 which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.

## Information Relating to Directors and Company Secretary

Name: Michael Hall  
 Title: Non-Executive Chairman  
 Qualifications: B.Com, CPA  
 Experience: Michael has a long history in the management and building of successful nutrition companies. Michael's early career was in accounting, retailing and private banking.  
 Other current directorships: None  
 Former directorships (last 3 years): None  
 Special responsibilities: Member of:  
 • Risk Management and Audit Committee  
 • Nomination and Remuneration Committee  
 Interest in shares: 12,334,445 ordinary shares  
 Interest in options: 3,500,000 unquoted options  
 Contractual right to shares: None

Name: Sean Hall  
 Title: Managing Director and Chief Executive Officer  
 Qualifications: B.A(Psych), MBA, MD  
 Experience: Sean has over 20 years experience in the Australian Healthcare and food industries and early phase drug discovery in Australia and Asia. Sean is best known for building Australia's leading practitioner brand, BioCeuticals. Sean is an active member of Medicines Australia, American Federation for Medical Research, American Academy of Anti-Ageing Medicine, Ausbiotech, a member of the Scientific Advisory Board for BITs Life Science China and a Board Member of the International Probiotics Association. Sean has completed Executive Education at Harvard Graduate School of Business and more recently continuing Medical Education through Harvard Medical School.  
 Other current directorships: None  
 Former directorships (last 3 years): None  
 Special responsibilities: Member of:  
 • Nomination and Remuneration Committee  
 Interest in shares: 55,755,555 ordinary shares  
 Interest in options: 5,000,000 unquoted options  
 Contractual right to shares: None

Name: Drew Townsend  
 Title: Non-Executive Director  
 Qualifications: B.Com, CA, MAICD  
 Experience: Drew is a senior partner in the chartered accounting firm of Hall Chadwick and has been a partner in this firm for over 25 years. He is an experienced chartered accountant and corporate advisor to numerous SMEs.  
 Other current directorships: Non-Executive Chairman of Qantum Energy Limited  
 Former directorships (last 3 years): None  
 Special responsibilities: Chairman of:  
 • Risk Management and Audit Committee  
 • Nomination and Remuneration Committee  
 Interest in shares: 16,055,553 ordinary shares  
 Interest in options: None  
 Contractual right to shares: None

Name: Alan Dworkin  
 Title: Company Secretary  
 Qualifications: B.Bus, CA, ACSA, GAICD  
 Experience: Alan is a Chartered Accountant with over 18 years experience in tax, resources and nutraceutical sectors, including the last six years as CFO and Company Secretary of FIT-BioCeuticals Limited.



### Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2017, and the number of meetings attended by each director were:

Name	Full Board		Nomination and Remuneration Committee		Risk Management and Audit Committee	
	Attended	Held	Attended	Held	Attended	Held
Michael Hall	10	10	1	1	2	3
Drew Townsend	9	10	1	1	3	3
Sean Hall	10	10	1	1	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

### Future Developments

Likely developments in the operations of the consolidated group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the consolidated group.

### Environmental Issues

The consolidated group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a State or Territory.

### Shares under Option

At the date of this report, the unissued ordinary shares of Medlab Clinical Limited under option are as follows:

Grant date	Date of expiry	Exercise price	Number under option
17 April 2014	30 June 2019	\$0.30	10,000,000
10 July 2015	30 June 2020	\$0.30	1,541,725
2 November 2015	30 June 2019	\$0.30	1,000,000

Option holders do not have rights to participate in any issues of shares or other interests in the company or any or any other entity.

# REMUNERATION REPORT

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The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation

## ***Principles used to determine the nature and amount of remuneration***

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness
- Acceptability to shareholders
- Performance linkage / alignment of executive compensation
- Transparency

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Nomination and Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity.

Alignment to shareholders' interests:

- Has economic profit as a core component of plan design
- Focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- Attracts and retains high calibre executives

Alignment to program participants' interests:

- Rewards capability and experience
- Reflects competitive reward for contribution to growth in shareholder wealth
- Provides a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations is separate.

## ***Non-executive directors remuneration***

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 26 October 2015, where the shareholders approved a maximum annual aggregate remuneration of \$300,000.

### *Executive remuneration*

The consolidated entity aims to reward executives with a level and mix of remuneration based on their position and responsibility, which has both fixed and variable components.

The executive remuneration and reward framework has three components:

- Base pay and non-monetary benefits
- Share-based payments
- Other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares are awarded to executives under the shareholder approved Employee Share Option Plan (ESOP) based on long-term incentive measures. These include increase in shareholders value relative to the entire market and the increase compared to the consolidated entity's direct competitors. The Nomination and Remuneration Committee reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 30 June 2017. As at 30 June 2017, no options were issued under the ESOP.

### *Voting and comments made at the company's 2016 Annual General Meeting (AGM)*

At the 2016 AGM, 100.00% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2016. The Company did not receive any specific feedback at the AGM regarding its remuneration package.

### **Details of remuneration**

#### *Amounts of remuneration*

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of Medlab Clinical Limited:

- Michael Hall – Non-Executive Chairman
- Drew Townsend – Non-Executive Director
- Sean Hall – Managing Director and Chief Executive Officer

And the following persons:

- Alan Dworkin – Chief Financial Officer and Company Secretary
- Dr Luis Vitetta – Director of Medical Research
- Dr David Rutolo – Director of Science



2017	Short-term benefits			Post-employment benefits	Share-based benefits	Total \$
	Cash salary and fees \$	Cash bonus \$	Non-monetary \$	Super-annuation \$	Equity settled \$	
<i>Directors:</i>						
Michael Hall	124,863	-	-	4,737	-	129,600
Drew Townsend	60,225	-	-	-	-	60,225
Sean Hall	299,178	-	-	28,422	-	327,600
<i>Other Key Management Personnel:</i>						
Alan Dworkin	171,260	-	-	16,150	-	187,410
Luis Vitetta	250,250	-	-	23,774	-	274,024
David Rutolo	159,151	-	-	13,190	-	172,341
	<b>1,064,927</b>	-	-	<b>86,273</b>	-	<b>1,151,200</b>

2016	Short-term benefits			Post-employment benefits	Share-based benefits	Total \$
	Cash salary and fees \$	Cash bonus \$	Non-monetary \$	Super-annuation \$	Equity settled \$	
<i>Directors:</i>						
Michael Hall	124,863	-	-	4,737	-	129,600
Drew Townsend	61,383	-	-	-	-	61,383
Sean Hall	299,178	-	-	28,422	-	327,600
<i>Other Key Management Personnel:</i>						
Alan Dworkin	170,533	-	-	16,150	-	186,683
Luis Vitetta	250,239	-	-	23,773	-	274,012
David Rutolo	161,195	-	-	13,260	-	174,455
	<b>1,067,391</b>	-	-	<b>86,342</b>	-	<b>1,153,733</b>

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2017	2016	2017	2016	2017	2016
<i>Directors:</i>						
Michael Hall	100%	100%	-%	-%	-%	-%
Drew Townsend	100%	100%	-%	-%	-%	-%
Sean Hall	100%	100%	-%	-%	-%	-%
<i>Other Key Management Personnel:</i>						
Alan Dworkin	100%	100%	-%	-%	-%	-%
Luis Vitetta	100%	100%	-%	-%	-%	-%
David Rutolo	100%	100%	-%	-%	-%	-%

### **Service agreements**

Remuneration and other terms of employment for key management personnel are formalised in service agreements or employment contracts. Details of these agreements are as follows:

Name:	Sean Hall
Title:	Managing Director and Chief Executive Officer
Agreement commenced:	1 July 2012
Term of agreement:	No Fixed Term
Details:	Base salary for the year ending 30 June 2017 of \$300,000 plus superannuation, to be reviewed annually by the Nomination and Remuneration Committee. 12 month termination notice by either party, non-solicitation and non-compete clauses.
Name:	Alan Dworkin
Title:	Chief Financial Officer and Company Secretary
Agreement commenced:	9 February 2015
Term of agreement:	No Fixed Term
Details:	Base salary for the year ending 30 June 2017 of \$170,000 plus superannuation, to be reviewed annually by the Nomination and Remuneration Committee. 4 weeks termination notice by either party, eligible to be part of the consolidated entity's ESOP.
Name:	Luis Vitetta
Title:	Director of Medical Research
Agreement commenced:	4 March 2013
Term of agreement:	No Fixed Term
Details:	Base salary for the year ending 30 June 2017 of \$250,250 plus superannuation, to be reviewed annually by the Nomination and Remuneration Committee. 2 weeks termination notice by either party, eligible to be part of the consolidated entity's ESOP.
Name:	David Rutolo
Title:	Director of Science
Agreement commenced:	22 January 2015
Term of agreement:	No Fixed Term
Details:	Base salary for the year ending 30 June 2017 of US\$120,000 plus employment benefits, to be reviewed annually by the Nomination and Remuneration Committee. 30 days termination notice by either party.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

## Share-based compensation

### Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date \$	Expiry date	Exercise price
None			

Options granted carry no dividend or voting rights.

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2017 are set out below:

Name	Number of options granted during the year 2017	Number of options vested during the year 2017	Number of options granted during the year 2016	Number of options vested during the year 2016
Michael Hall	-	-	-	-
Sean Hall	-	-	-	-
Luis Vitetta	-	-	-	-
Alan Dworkin	-	-	1,000,000	-

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2017 are set out below:

None

This concludes the remuneration report, which has been audited.

### **Indemnification of Officers**

No indemnities have been given or insurance premiums paid, during the financial year, for any person who is or has been an officer or auditor of the controlled group.

### **Proceedings on behalf of the Company**

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

### **Non-Audit Services**

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 21 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in Note 21 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

### **ASX Listing Rule 11.1.3**

In accordance with ASX Listing Rule 11.1.3, the Company has used the cash and assets in a form readily convertible to cash that it had at the time of admission (14 July 2015) to the year ending 30 June 2017 in a way consistent with its business objectives.

### **Auditor's Independence Declaration**

The lead auditor's independence declaration for the year ended 30 June 2017 has been received and can be found on page 18 of the financial report.

Signed in accordance with a resolution of the Board of Directors.



**S Hall**  
Director



**D Townsend**  
Director

Dated this 31st day of August 2017



**AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF MEDLAB CLINICAL LIMITED AND ITS CONTROLLED ENTITIES**

In accordance with the requirements of section 307C of the Corporations Act, as auditor for the audit of Medlab Clinical Limited and its Controlled Entities as at 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Dated at Sydney the 30th day of August 2017

**ESV Accounting and Business Advisors**

**Tim Valtwies**  
**Partner**

# STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 \$	2016 \$
Revenue	3	4,446,533	2,620,118
Raw materials and consumables used		(1,725,322)	(862,955)
Employee benefits expense		(3,395,681)	(2,568,944)
Depreciation and amortisation expense		(110,408)	(125,905)
Professional and consulting fees		(764,668)	(778,030)
Operating lease costs		(372,914)	(279,459)
Finance costs		(16,143)	(16,295)
Selling & marketing expenses		(490,218)	(242,465)
Other expenses	4	(1,409,359)	(1,467,031)
<b>Loss before income tax</b>		<b>(3,838,180)</b>	<b>(3,720,966)</b>
Income tax expense	5	-	-
<b>Net loss for the period</b>		<b>(3,838,180)</b>	<b>(3,720,966)</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Foreign currency translation		9,995	(3,177)
Other comprehensive loss for the year, net of tax		9,995	(3,177)
<b>Total comprehensive loss for the year</b>		<b>(3,828,185)</b>	<b>(3,724,143)</b>
Net loss attributable to:			
Members of the parent entity		(3,657,644)	(3,493,083)
Non-controlling interest		(180,536)	(227,883)
		<b>(3,838,180)</b>	<b>(3,720,966)</b>
Total comprehensive loss attributable to:			
Members of the parent entity		(3,651,647)	(3,494,990)
Non-controlling interest		(176,538)	(229,153)
		<b>(3,828,185)</b>	<b>(3,724,143)</b>
Earnings per share		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	28	(2.08)	(2.19)
Diluted earnings per share	28	(1.98)	(2.13)

The accompanying notes form part of these financial statements



# STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Notes	2017 \$	2016 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	1,497,600	801,368
Trade and other receivables	7	1,700,790	1,141,211
Inventories	8	761,059	690,557
Other assets	9	285,133	136,933
<b>Total Current Assets</b>		<b>4,244,582</b>	<b>2,770,069</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	10	452,972	495,902
<b>Total Non-Current Assets</b>		<b>452,972</b>	<b>495,902</b>
<b>TOTAL ASSETS</b>		<b>4,697,554</b>	<b>3,265,971</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	11	1,062,439	906,383
Employee benefits	12	194,321	147,366
Borrowings	13	32,267	19,528
<b>Total Current Liabilities</b>		<b>1,289,027</b>	<b>1,073,277</b>
<b>Non-Current Liabilities</b>			
Employee benefits	12	44,059	-
Provisions	14	47,500	37,500
Other liabilities	15	2,025	10,482
Borrowings	13	264,454	253,048
<b>Total Non-Current Liabilities</b>		<b>358,038</b>	<b>301,030</b>
<b>TOTAL LIABILITIES</b>		<b>1,647,065</b>	<b>1,374,307</b>
<b>NET ASSETS</b>		<b>3,050,489</b>	<b>1,891,664</b>
<b>EQUITY</b>			
Issued capital	16	15,598,420	10,611,410
Reserves	17	68,040	62,043
Accumulated losses		(11,782,906)	(8,125,262)
Equity attributable to the owners of Medlab Clinical Limited		3,883,554	2,548,191
Outside equity interest		(833,065)	(656,527)
<b>TOTAL EQUITY</b>		<b>3,050,489</b>	<b>1,891,664</b>

The accompanying notes form part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

Consolidated Group	Issued Capital \$	Accumulated Losses Attributable to members of the parent company \$	Reserves \$	Attributable to owners of the parent \$	Non- Controlling Interests \$	Total \$
<b>Balance at 1 July 2015</b>	<b>5,252,374</b>	<b>(4,632,179)</b>	<b>63,950</b>	<b>684,145</b>	<b>(427,374)</b>	<b>256,771</b>
Loss after income tax for the period		(3,493,083)		(3,493,083)	(227,883)	(3,720,966)
Other comprehensive income for the period, net of tax			(1,907)	(1,907)	(1,270)	(3,177)
Total comprehensive income for the period	-	(3,493,083)	(1,907)	(3,494,990)	(229,153)	(3,724,143)
Transactions with owners in their capacity as owners: Contributions of equity, net of transaction costs (Note 16)	5,359,036			5,359,036		5,359,036
<b>Balance at 30 June 2016</b>	<b>10,611,410</b>	<b>(8,125,262)</b>	<b>62,043</b>	<b>2,548,191</b>	<b>(656,527)</b>	<b>1,891,664</b>

Consolidated Group	Issued Capital \$	Accumulated Losses Attributable to members of the parent company \$	Reserves \$	Attributable to owners of the parent \$	Non- Controlling Interests \$	Total \$
<b>Balance at 1 July 2016</b>	<b>10,611,410</b>	<b>(8,125,262)</b>	<b>62,043</b>	<b>2,548,191</b>	<b>(656,527)</b>	<b>1,891,664</b>
Loss after income tax for the period		(3,657,644)		(3,657,644)	(180,536)	(3,838,180)
Other comprehensive income for the period, net of tax			5,997	5,997	3,998	9,995
Total comprehensive income for the period	-	(3,657,644)	5,997	(3,651,647)	(176,538)	(3,828,185)
Transactions with owners in their capacity as owners: Contributions of equity, net of transaction costs (Note 16)	4,987,010			4,987,010		4,987,010
<b>Balance at 30 June 2017</b>	<b>15,598,420</b>	<b>(11,782,906)</b>	<b>68,040</b>	<b>3,883,554</b>	<b>(833,065)</b>	<b>3,050,489</b>

The accompanying notes form part of these financial statements.

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 \$	2016 \$
<b>Cash Flows from Operating Activities</b>			
Receipts from customers		3,193,297	1,579,382
Receipts from R&D Tax refund		911,325	839,192
Payments to suppliers and employees		(8,400,881)	(6,357,789)
Finance costs		(4,737)	(8,853)
Interest received		50,858	51,235
<b>Net (used) from operating activities</b>	6	(4,250,138)	(3,896,833)
<b>Cash flows from Investing Activities</b>			
Purchase of plant and equipment		(66,726)	(79,623)
<b>Net cash (used in) investing activities</b>		(66,726)	(79,623)
<b>Cash flows from Financing Activities</b>			
Repayment of borrowings		-	(755,005)
Proceeds from issue of shares		5,361,150	6,166,900
Share issue transaction costs		(374,140)	(731,039)
<b>Net cash from financing activities</b>		4,987,010	4,680,856
Net decrease in cash held		670,146	704,400
Cash and cash equivalents at beginning of financial year		801,368	115,815
Exchange rate adjustments		26,086	(18,847)
<b>Cash and cash equivalents at end of the financial year</b>	6	1,497,600	801,368

The accompanying notes form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2017

The consolidated financial statements and notes represent those of Medlab Clinical Limited and controlled entities (Company, Group or consolidated entity).

The place of business of the Parent Company is:

Medlab Clinical Limited  
66 McCauley Street  
Alexandria NSW 2015

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 2.

The Financial Statements were authorised for issue by the Directors on 31 August 2017.

## NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

### BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The financial statements have been prepared under the historical cost convention.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 1.

### 1.2 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Medlab Clinical Limited ('company' or 'parent entity') as at 30 June 2017 and the results of all subsidiaries for the period then ended. Medlab Clinical Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 1.3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### 1.4 INVENTORIES

Raw materials (capsules, bottles and labels), work in progress and finished goods are stated at the lower of cost and net realisable value on a weighted average basis. Cost comprises direct materials and delivery costs, import duties and other taxes. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### *Culture libraries*

Costs associated with the acquisition of culture libraries are expensed in the period in which they are incurred.

### 1.5 PROPERTY, PLANT AND EQUIPMENT

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line or diminishing value basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

- Leasehold improvements 3-15 years
- Plant and equipment 3-13 years
- Office furniture and equipment 3-10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 1.6 IMPAIRMENT OF NON-FINANCIAL ASSETS

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

### 1.7 LEASING

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight line basis over the term of the lease.

### 1.8 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 1.9 EMPLOYEE BENEFITS

#### *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

#### *Share-based payments*

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

### 1.10 REVENUE RECOGNITION

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

#### *Sale of nutraceuticals*

Sale of goods revenue is recognised at the point of sale, which is at the time when the customer's orders are despatched. Amounts disclosed as revenue are net of sales returns and trade discounts.

#### *R&D refundable tax offset*

Tax refundable tax offset is recognised when there is a reasonable assurance that the incentive will be received and all attached conditions will be complied with.

#### *Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

#### *R&D contract revenue*

R&D contract revenue is recognised by reference to the stage of the contracts. Stage of completion is measured by reference to milestones achieved as per the contract. Where the milestones are not clarified as per the contract, revenue is recognised based on other indications as per the contract.

### 1.11 FOREIGN CURRENCIES

#### 1.11.1 Individual Controlled Entities

The individual Financial Statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated Financial Statements, the financial results and financial position of each Group entity are expressed in Australian Dollars ('\$'), which is the functional currency of Medlab Clinical Limited, and the presentation currency for the consolidated Financial Statements.

#### 1.11.2 Foreign Currency Transactions

In preparing the Financial Statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

#### 1.11.3 Foreign Operations

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at average exchange rates for the period where the average rate approximates the rate at the date of the transaction; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit or loss and other comprehensive income in the period.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 1.12 GOODS AND SERVICE TAX

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the consolidated Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

### 1.13 TAXATION

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The Company and its wholly owned Australian resident entities are part of a tax consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax consolidated group is Medlab Clinical Limited.

### 1.14 ISSUED CAPITAL

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### 1.15 EXPENSES

#### *Research and development*

Research and development costs are expensed in the period in which they are incurred.

#### *Patents and trademarks*

Costs associated with patents and trademarks are expensed in the period in which they are incurred.

#### *Website development costs*

Costs associated with website development are expensed in the period in which they are incurred.

### 1.16 TRADE AND OTHER RECEIVABLES

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor and default payments are considered objective evidence of impairment. Bad debts are written off when identified as uncollectable.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 1.17 TRADE AND OTHER PAYABLES

Liabilities for trade creditors are carried at cost which is the fair value of the consideration to be paid in the future for goods or services received, whether or not billed to the Group at balance date. The amounts are unsecured and are usually paid within 30 days of recognition.

### 1.18 BORROWINGS

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs.

### 1.19 EARNINGS PER SHARE

#### *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit or loss attributable to the owners of Medlab Clinical Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

#### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### 1.20 GOING CONCERN

The economic entity has net current assets of \$2,955,555 including cash and cash equivalents of \$1,497,600. For the year ended 30 June 2017, the consolidated group reported a loss after providing for income tax and non-controlling interest of \$3,657,644 (2016: \$3,493,083) and net cash outflows from operating activities of \$4,250,138.

The nutraceutical business has grown 118% over 2016 and will continue to grow substantially with further marketing initiatives for the existing and new nutraceutical products to be released. The Company has also established a strategic alliance with Heritage Brands Limited to develop and market the Company's products through the pharmacy retail channel. The anticipated increase in the current product sales, the new product sales and the development of the pharmacy retail channel will contribute to the generation of additional revenue and provide more cash to fund the operations of the Company. Furthermore, in addition to the anticipated R&D refund for 2017, the Company estimates an R&D refund in excess of \$1.5m for the estimated R&D expenses for FY 2018. As previously announced, the Company has executed a finance facility of \$1.5m and has unlisted options which have vested and are a further source of capital.

For these reasons the directors believe the company is a going concern.

## NEW, REVISED OR AMENDING ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

The consolidated entity has not elected to adopt any accounting standards or amendments to standards or interpretations issued prior to the date of this report where application is not mandatory for the year ended 30 June 2017.

## NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET MANDATORY OR EARLY ADOPTED

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2017. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

#### *AASB 9 Financial Instruments*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *AASB 15 Revenue from Contracts with Customers*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. AASB 15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services. Accounting policy changes will arise in timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element. AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

### *AASB 16 Leases*

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. AASB 16 will cause the majority of leases of an entity to be brought onto the statement of financial position. There are limited exceptions relating to short-term leases and low value assets which may remain off-balance sheet. The calculation of the lease liability will take into account appropriate discount rates, assumptions about lease term and increases in lease payments. A corresponding right to use asset will be recognised which will be amortised over the term of the lease. Rent expense will no longer be shown, the profit and loss impact of the leases will be through amortisation and interest charges. The consolidated entity will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the consolidated entity.

## CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

### *Provision for impairment of receivables*

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

### *Recovery of deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

### *Estimation of useful lives of assets*

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

### *Provision for impairment of inventories*

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

### *Share-based payment transactions*

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## NOTE 2 – PARENT INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

	2017 \$	2016 \$
<b>STATEMENT OF FINANCIAL POSITION</b>		
ASSETS		
Current assets	2,308,393	865,925
Non-current assets		
- Investments in subsidiaries	2,252,374	2,252,374
- Loans to subsidiaries	12,229,544	7,914,544
<b>TOTAL ASSETS</b>	<b>16,790,311</b>	<b>11,032,843</b>
LIABILITIES		
Current liabilities	145,881	91,449
<b>TOTAL LIABILITIES</b>	<b>145,881</b>	<b>91,449</b>
EQUITY		
Issued capital	15,598,420	10,611,410
Retained earnings	1,046,010	329,984
<b>TOTAL EQUITY</b>	<b>16,644,430</b>	<b>10,941,394</b>

### *Contingent liabilities*

The parent entity had no contingent liabilities as at 30 June 2017.

### *Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in Note 1.

## NOTE 3 – REVENUE

	2017 \$	2016 \$
Sales revenue:		
- Sale of goods	3,272,926	1,502,003
- Rendering of R&D services & consultation	18,000	219,137
	3,290,926	1,721,140
Other revenue:		
- Interest received	50,282	51,811
- R&D tax incentive	1,105,325	839,192
- Other income	-	7,975
	1,155,607	898,978
<b>Total revenue</b>	<b>4,446,533</b>	<b>2,620,118</b>

## NOTE 4 – OTHER EXPENSES

	2017 \$	2016 \$
Other expenses includes the following specific expenses:		
Lab Consumables	92,656	100,425
Telephone and internet	101,565	94,556
Travel	175,636	225,727



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## NOTE 5 – INCOME TAX EXPENSE

	2017 \$	2016 \$
The prima facie tax on the (loss) from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on (loss) from ordinary activities before income tax at 27.5%	(1,055,500)	(1,116,290)
Add tax effect of:		
- non-deductible R&D expense	600,575	504,000
- entertainment	15,845	11,926
- other non-deductible expenses	42	4,980
Less: tax effect of:		
- Tax effect of different company tax rate in USA (35%)	(13,118)	(12,324)
- R&D incentive receivable	(261,250)	(226,800)
Future income tax benefit not recognised	713,406	834,508
	-	-

The economic entity has separate tax entities within Australia, the UK and the United States. All tax jurisdictions have tax losses, which are not recognised in their books at 30 June 2017. The unused tax losses held in the Australian group companies as at 30 June 2017 are \$5,513,504, while \$1,480,940 (USD) was held in the US companies and a further \$4,809 (GBP) was held in the UK company. The tax losses are available for offset against future taxable profits of the companies in which losses arose within each tax jurisdiction subject to certain conditions being met.

The Directors have not brought to account a deferred tax asset to recognise the potential tax benefit of these tax losses as any benefit will only be obtained if:

- The economic entity meets the conditions for deductibility imposed by tax legislation in relation to the same business test and continuity of ownership laws;
- The economic entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from deductions for the losses to be realised; and
- No changes in tax legislation occur in future years that would adversely affect the economic entity in realising the benefit from the deductions for the losses (in the event they qualify to be utilised by the economic entity).

## NOTE 6 – CASH AND CASH EQUIVALENTS

	2017 \$	2016 \$
Cash at bank and on hand	1,497,600	801,368
Reconciliation of cash flow from operations with loss from ordinary activities after income tax		
Loss after income tax	(3,838,180)	(3,720,966)
Non-cash flows in profit		
Foreign exchange gains and losses	(16,842)	14,127
Depreciation and amortisation	110,408	125,905
Changes in assets and liabilities		
- (Increase)/decrease in receivables	(581,198)	(149,769)
- (Increase)/decrease in prepayments	(148,322)	(51,348)
- Increase/(decrease) in provisions	42,983	-
- (Increase)/decrease in inventories	(82,502)	(317,249)
- Increase/(decrease) in employee benefits	44,059	-
- Increase/(decrease) payables	219,456	202,467
<b>Cash flows from operations</b>	<b>(4,250,138)</b>	<b>(3,896,833)</b>

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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## NOTE 7 – TRADE AND OTHER RECEIVABLES

	2017 \$	2016 \$
<b>Current</b>		
Trade receivables	765,637	377,708
Less: Provision for impairment of receivables	(20,983)	-
	744,654	377,708
Other receivables	956,136	763,503
<b>Total current receivables</b>	<b>1,700,790</b>	<b>1,141,211</b>

### *Past due but not impaired*

Customers with balances past due but without provision for impairment of receivables amount to \$137,882.

The consolidated entity did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired receivables are as follows

	2017 \$	2016 \$
1 to 2 months overdue	78,945	44,144
3 to 6 months overdue	58,937	11,448
Over 6 months overdue	-	-
	<b>137,882</b>	<b>55,592</b>

### *Impairment of receivables*

The consolidated entity has recognised a loss of \$20,983 (2016: Nil) in profit or loss in respect of impairment of receivables for the year ended 30 June 2017.

The ageing of the impaired receivables provided for above are as follows:

	2017 \$	2016 \$
1 to 2 months overdue	-	-
3 to 6 months overdue	20,983	-
Over 6 months overdue	-	-
	<b>20,983</b>	<b>-</b>

Movements in the provision for impairment of receivables as follows:

	2017 \$	2016 \$
Opening balance	-	-
Additional provisions recognised	28,015	-
Receivables written off during the year as uncollectable	(7,032)	-
	<b>20,983</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## NOTE 8 – INVENTORIES

	2017 \$	2016 \$
<b>Current</b>		
Raw materials	206,442	103,909
Finished goods	579,617	599,648
	786,059	703,557
Less: Provision for obsolescence	(25,000)	(13,000)
<b>Total inventories</b>	<b>761,059</b>	<b>690,557</b>

## NOTE 9 – OTHER ASSETS

	2017 \$	2016 \$
<b>Current</b>		
Prepayments	228,722	80,400
Rental bond	56,411	56,533
<b>Total current other assets</b>	<b>285,133</b>	<b>136,933</b>

## NOTE 10 – PROPERTY, PLANT AND EQUIPMENT

	2017 \$	2016 \$
Plant and equipment – cost	514,919	464,960
Less accumulated depreciation	(195,476)	(142,018)
	319,443	322,942
Leasehold improvements - cost	130,364	123,942
Less accumulated amortisation	(63,706)	(45,671)
	66,658	78,271
Office furniture & equipment – cost	262,301	251,956
Less accumulated depreciation	(195,430)	(157,267)
	66,871	94,689
<b>Total property, plant and equipment</b>	<b>452,972</b>	<b>495,902</b>

### (a) Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Plant & Equipment \$	Office Furniture & Equipment \$	Leasehold Improvements \$	Total \$
<b>Consolidated Group:</b>				
Balance at 1 July 2015	340,928	126,518	73,197	540,643
Additions	31,518	23,745	24,363	79,626
Disposals	-	-	-	-
Depreciation expense	(49,504)	(57,112)	-	(106,616)
Amortisation expense	-	-	(19,289)	(19,289)
Foreign currency translation	-	1,538	-	1,538
<b>Carrying amount at 30 June 2016</b>	<b>322,942</b>	<b>94,689</b>	<b>78,271</b>	<b>495,902</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## NOTE 10 – PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Plant & Equipment \$	Office Furniture & Equipment \$	Leasehold Improvements \$	Total \$
<b>Consolidated Group:</b>				
Balance at 1 July 2016	322,942	94,689	78,271	495,902
Additions	49,959	10,346	6,422	66,727
Disposals	-	-	-	-
Depreciation expense	(53,468)	(38,905)	-	(92,373)
Amortisation expense	-	-	(18,035)	(18,035)
Foreign currency translation	10	741	-	751
<b>Carrying amount at 30 June 2017</b>	<b>319,443</b>	<b>66,871</b>	<b>66,658</b>	<b>452,972</b>

## NOTE 11 – TRADE AND OTHER PAYABLES

	2017 \$	2016 \$
<b>Current</b>		
Unsecured liabilities:		
Trade payables	603,726	546,133
Sundry payables and accrued expenses	458,713	360,250
	<b>1,062,439</b>	<b>906,383</b>

## NOTE 12 – EMPLOYEE BENEFITS

	2017 \$	2016 \$
<b>Current</b>		
Provision for annual leave	194,321	147,366
	<b>194,321</b>	<b>147,366</b>
<b>Non Current</b>		
Provision for long service leave	44,059	-
	<b>44,059</b>	<b>-</b>

The provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances.

## NOTE 13 – BORROWINGS

	2017 \$	2016 \$
<b>Current</b>		
Loan from other parties	32,267	19,528
<b>Total current borrowings</b>	<b>32,267</b>	<b>19,528</b>
<b>Non Current</b>		
Loan from director (b)	264,454	253,048
<b>Total non-current borrowings</b>	<b>264,454</b>	<b>253,048</b>

- (a) Mr Sean Hall has advanced funds to the Company. The loan is to be repaid by 31 December 2018 and will incur interest at 3%pa. Mr Sean Hall has also provided a finance facility to the Company of \$1.5m at an interest rate of 1.25% above the 30-90 bank bill rate. The facility was not drawn down on at 30 June 2017.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## NOTE 14 – PROVISIONS

	2017 \$	2016 \$
<b>Non-Current</b>		
Provision for lease make-good	47,500	37,500
<b>Total non-current provisions</b>	<b>47,500</b>	<b>37,500</b>

### *Lease make good*

The provision represents the present value of the estimated costs to make good the premises leased by the consolidated entity at the end of the respective lease terms.

### *Movements in provisions*

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	Lease Make Good \$
Carrying amount at the start of the year	37,500
Additional provisions recognised	10,000
<b>Carrying amount at the end of the year</b>	<b>47,500</b>

## NOTE 15 – OTHER LIABILITIES

	2017 \$	2016 \$
<b>Current</b>		
Deferred lease liability	2,025	-
	<b>2,025</b>	<b>-</b>
<b>Non-Current</b>		
Deferred lease liability	-	10,482
	<b>-</b>	<b>10,482</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## NOTE 16 – ISSUED CAPITAL

	2017 Number	2016 Number	2017 \$	2016 \$
Ordinary shares – fully paid	<b>178,705,000</b>	160,834,500	<b>15,598,420</b>	10,611,410
	<b>178,705,000</b>	160,834,500	<b>15,598,420</b>	10,611,410

### Movements in ordinary share capital

Details	Date	No. of Shares	Issue Price \$	Total \$
Balance	30 June 2015	130,000,000		5,252,374
Issue of shares - IPO	14 July 2015	30,834,500	0.20	6,166,900
Share issue costs, net of tax				(807,864)
<b>Balance</b>	<b>30 June 2016</b>	<b>160,834,500</b>		<b>10,611,410</b>
Issue of shares – Rights Issue	19 August 2016	14,656,490	0.30	4,396,947
Issue of shares – Rights Issue (Underwriting)	6 September 2016	3,214,010	0.30	964,203
Share issue costs, net of tax				(374,140)
<b>Balance</b>	<b>30 June 2017</b>	<b>178,705,000</b>		<b>15,598,420</b>

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

#### Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies. The consolidated entity would also look to raise capital if there is a need for additional funds for strategic (whether nutraceutical or R&D) or working capital requirements.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## NOTE 17 – RESERVES

Foreign Currency Translation Reserve: The foreign currency translation reserve exchange differences arising on translation of overseas controlled subsidiaries in the United States and United Kingdom.

	2017 \$	2016 \$
<b>Reserves</b>		
Foreign currency translation reserve	68,040	62,043
	<b>68,040</b>	<b>62,043</b>

### Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Foreign Currency
<b>Consolidated</b>	
Balance at 30 June 2015	63,950
Foreign currency translation	(1,907)
<b>Balance at 30 June 2016</b>	<b>62,043</b>
Foreign currency translation	5,997
<b>Balance at 30 June 2017</b>	<b>68,040</b>

## NOTE 18 – SHARE-BASED PAYMENTS

No share options were granted during the financial year. Set out below is the summary of the options:

2017 Grant Date	Expiry Date	Grant Price	Exercise Price	Balance at start of year	Granted	Exercised	Forfeited/ Expired/ Other	Balance at end of year
17/04/2014	30/06/2019	Nil	\$0.30	10,000,000	-	-	-	10,000,000
10/07/2015	30/6/2020	Nil	\$0.30	1,541,725	-	-	-	1,541,725
2/11/2015	30/06/2019	Nil	\$0.30	1,000,000	-	-	-	1,000,000
				12,541,725	-	-	-	12,541,725

2016 Grant Date	Expiry Date	Grant Price	Exercise Price	Balance at start of year	Granted	Exercised	Forfeited/ Expired/ Other	Balance at end of year
17/04/2014	30/06/2019	Nil	\$0.30	10,000,000	-	-	-	10,000,000
10/07/2015	30/6/2020	Nil	\$0.30	-	1,541,725	-	-	1,541,725
2/11/2015	30/06/2019	Nil	\$0.30	-	1,000,000	-	-	1,000,000
				10,000,000	2,541,725	-	-	12,541,725

An employee share option plan has been established by the consolidated entity and approved by shareholders at a general meeting, whereby the consolidated entity may, at the discretion of the board of Directors, grant options over ordinary shares in the company to certain staff of the consolidated entity. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Nomination and Remuneration Committee. No options have been issued under this employee share option plan as of the date of this financial report.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## NOTE 19 – EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances have arisen since 30 June 2017 which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.

## NOTE 20 – COMMITMENTS

Operating Lease Commitments	2017 \$	2016 \$
Payable:		
- not later than 12 months	239,438	299,244
- between 12 months and five years	180,896	251,361
<b>Total operating lease commitments</b>	<b>420,334</b>	<b>550,605</b>

Operating lease commitments includes contracted amounts for business premises and equipment leases under non-cancellable operating leases expiring within one to 5 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

## NOTE 21 – AUDITORS REMUNERATION

During the financial year the following fees were paid or payable for services provided by ESV Accounting and Business Advisors, the auditor of the company, its network firms and unrelated firms:

	2017 \$	2016 \$
- auditing or reviewing the financial report	43,652	39,284

## NOTE 22 – CONTINGENT LIABILITIES

The Company has given bank guarantees as at 30 June 2017 of \$52,503 towards the rental bond.

## NOTE 23 – INTERESTS IN SUBSIDIARIES

Name	Principal Place of Business/Country of Incorporation	Ownership Interest 2017	Ownership Interest 2016
Medlab Pty Ltd	Australia	100%	100%
Medlab Clinical US Inc	United States of America	60%	60%
Medlab IP Pty Ltd	Australia	100%	100%
Medlab Research Pty Ltd	Australia	100%	100%
Medlab Nutraceuticals Inc	United States of America	60%	50%
Medlab Research Ltd	United Kingdom	100%	100%

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## NOTE 24 – FINANCIAL INSTRUMENTS

### *Financial risk management objectives*

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of foreign exchange and other price risks, ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

### *Market risk*

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions, net assets of subsidiaries and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

In order to protect against exchange rate movement, the consolidated entity has entered into forward foreign exchange contracts. These contracts are hedging highly probable forecasted cash flows for the ensuing financial year. Management has a risk policy to hedge around 50% of anticipated foreign currency transactions for the subsequent 6 to 12 months.

The maturity, settlement amounts and the average contractual exchange rates of the consolidated entity's outstanding forward foreign exchange contracts at the reporting date were as follows:

	Sell Australian dollars 2017	Sell Australian dollars 2016	Average exchange rates 2017	Average exchange rates 2016
Buy US dollars Maturity:				
3-6 months	311,724	152,396	0.7353	0.7593

### *Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

### *Liquidity risk*

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

### *Remaining contractual maturities*

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## NOTE 24 – FINANCIAL INSTRUMENTS (CONTINUED)

Consolidated - 2017	Weighted average interest rate %	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-%	603,726	-	-	-	603,726
Other payables	-%	458,713	-	-	-	458,713
<i>Interest-bearing - fixed rate</i>						
Director Loans	3.00%		264,454		-	264,454
Borrowings	6.70%	32,267				32,267
<b>Total non-derivatives</b>		<b>1,094,706</b>	<b>264,454</b>	<b>-</b>	<b>-</b>	<b>1,359,160</b>

Consolidated - 2016	Weighted average interest rate %	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-%	546,133	-	-	-	546,133
Other payables	-%	360,250	-	-	-	360,250
<i>Interest-bearing - fixed rate</i>						
Director Loans	3.00%		253,048	-	-	253,048
<b>Total non-derivatives</b>		<b>906,383</b>	<b>253,048</b>	<b>-</b>	<b>-</b>	<b>1,159,431</b>

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

### Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

## NOTE 25 – ACCUMULATED LOSSES

	2017 \$	2016 \$
Accumulated losses at the beginning of the year	8,749,534	5,028,568
Loss for the year	3,838,180	3,720,966
<b>Accumulated losses at the end of the year</b>	<b>12,587,714</b>	<b>8,749,534</b>

## NOTE 26 – KEY MANAGEMENT PERSONNEL DISCLOSURES

### Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	2017 \$	2016 \$
Short-term employee benefits	1,064,927	1,067,391
Post-employment benefits	86,273	86,342
	<b>1,151,200</b>	<b>1,153,733</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## NOTE 27 – RELATED PARTY TRANSACTIONS

### *Parent entity*

Medlab Clinical Limited is the parent entity.

### *Subsidiaries*

Interests in subsidiaries are set out in Note 23.

### *Key management personnel*

Disclosures relating to key management personnel are set out in Note 26 and the remuneration report in the directors' report.

### *Transactions with related parties*

The following transactions occurred with related parties:

	2017 \$	2016 \$
Payment for goods and services:		
Payment for taxation services from Hall Chadwick (director-related entity of Drew Townsend)	17,000	13,000
<i>Receivable from and payable to related parties</i>		
The following balances are outstanding at the reporting date in relation to transactions with related parties:	-	-
<i>Loans to/from related parties:</i>		
Loans from Sean Hall	264,454	253,048

## NOTE 28 – EARNINGS PER SHARE

	2017 \$	2016 \$
Loss for the year	3,838,180	3,720,966
Non-controlling interest	(180,536)	(227,883)
Loss attributable to the owners of Medlab Clinical Limited	3,657,644	3,493,083
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	176,140,121	159,736,285
Adjustments for calculation of diluted earnings per share:		
- Options over ordinary shares	8,141,120	4,362,339
Weighted average number of ordinary shares used in calculating diluted earnings per share	184,281,241	164,098,624
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(2.08)	(2.19)
Diluted earnings per share	(1.98)	(2.13)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## NOTE 29 – SEGMENT REPORTING

### Identification of reportable operating segments

The consolidated entity is organised into two operating segments based on pharmaceutical research and nutraceutical sales. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

### Operating segment information

Consolidated 2017	Nutraceutical \$	Pharmaceutical Research \$	Total \$
<b>Revenue</b>			
Sales to external customers	3,272,926	18,000	3,290,926
Intersegment sales	-	-	-
Total sales revenue	3,272,926	18,000	3,290,926
Other revenue	-	1,105,325	1,105,325
Total segment revenue	3,272,926	1,123,325	4,396,251
Intersegment eliminations			
Unallocated revenue:			
Interest revenue			50,282
<b>Total revenue</b>			<b>4,446,533</b>
<b>EBITDA</b>	(2,705,388)	(1,056,523)	(3,761,911)
Depreciation and amortisation			(110,408)
Interest revenue			50,282
Finance costs			(16,143)
<b>Loss before income tax expense</b>			<b>(3,838,180)</b>
Income tax expense			-
<b>Loss after income tax expense</b>			<b>(3,838,180)</b>
<b>Assets</b>			
Segment assets	1,848,694	1,351,260	3,199,954
Intersegment eliminations			-
Unallocated assets:			
Cash and cash equivalents			1,497,600
<b>Total assets</b>			<b>4,697,554</b>
<b>Liabilities</b>			
Segment liabilities	993,052	389,559	1,382,611
Intersegment eliminations			-
Unallocated liabilities:			
Loans			264,454
<b>Total liabilities</b>			<b>1,647,065</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## NOTE 29 – SEGMENT REPORTING (CONTINUED)

Consolidated 2016	Nutraceutical \$	Pharmaceutical Research \$	Total \$
<b>Revenue</b>			
Sales to external customers	1,502,003	219,137	1,721,140
Intersegment sales	-	-	-
Total sales revenue	1,502,003	219,137	1,721,140
Other revenue	7,975	839,192	847,167
Total segment revenue	1,509,978	1,058,329	2,568,307
Intersegment eliminations			-
<i>Unallocated revenue:</i>			
Interest revenue			51,811
<b>Total revenue</b>			<b>2,620,118</b>
<b>EBITDA</b>	(2,467,280)	(1,163,297)	(3,630,577)
Depreciation and amortisation			(125,905)
Interest revenue			51,811
Finance costs			(16,295)
<b>Loss before income tax expense</b>			<b>(3,720,966)</b>
Income tax expense			-
<b>Loss after income tax expense</b>			<b>(3,720,966)</b>
<b>Assets</b>			
Segment assets	1,279,498	1,185,105	2,464,603
Intersegment eliminations			-
<i>Unallocated assets:</i>			
Cash and cash equivalents			801,368
<b>Total assets</b>			<b>3,265,971</b>
<b>Liabilities</b>			
Segment liabilities	801,239	320,020	1,121,259
Intersegment eliminations			
<i>Unallocated liabilities:</i>			
Loans			253,048
<b>Total liabilities</b>			<b>1,374,307</b>

# DIRECTORS' DECLARATION

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The directors of the company declare that:

1. The financial statements and notes, as set out on pages 19 to 44;
  - a. Comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
  - b. Comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements; and
  - c. Give a true and fair view of the company's financial position as at 30 June 2017 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. 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.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors:



**S Hall**  
Director



**D Townsend**  
Director

Dated this 31st day of August 2017





## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEDLAB CLINICAL LIMITED AND CONTROLLED ENTITIES

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Medlab Clinical Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Group.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key Audit Matter	How the scope of our audit responded to the key audit matter
<p><b>Going Concern</b></p> <p>For the current financial year the Group incurred a net loss of \$3,838,180 (Loss FY2016: \$3,720,966), had net operating cash outflows of \$4,250,138 (FY2016: 3,896,833) from the nutraceuticals segment and the research and development activities. The cash balance as at yearend was of \$1,497,600 (FY2016: \$801,368)</p> <p>The Group's ability to continue as a going concern is reliant on the generation of positive operating cash flows from increased sales revenue and obtaining funding from capital raisings or debt funding arrangements.</p> <p>The size of the operating losses and outflows from operations and the level of estimation required in forecasting sales revenue result in us assessing going concern as a key audit matter.</p>	<p><b>Our procedures included but were not limited to:</b></p> <p>We reviewed managements assumptions in the cashflow forecasts to assess if current cash levels and the expected cash inflows from sales and R&amp;D incentives, expenses and loan facilities available can sustain the operations of the Group for a period of at least 12 months from the date of signing the financial statements.</p> <p>We assessed the accuracy of the forecasts by comparing previous forecasts with the Group's actual results.</p> <p>We have examined the funding facility agreement provided by the director.</p> <p>We have also evaluated the adequacy of the Groups disclosure on going concern basis at Note 1.20 in the consolidated financial report.</p>

### Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

### Directors' Responsibilities for the Financial Report

The directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:  
[http://www.auasb.gov.au/auditors\\_responsibilities/ar2.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf) This description forms part of our auditor's report.

#### **Report on the Remuneration Report**

##### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included in pages 12 to 16 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Medlab Clinical Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

##### **Responsibilities**

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Dated at Sydney the 31st day of August 2017

**ESV Accounting and Business Advisors**

**Tim Valtwies**  
**Partner**



# SHAREHOLDER INFORMATION

## SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 22 August 2017.

### Distribution of equitable securities

Analysis of number of number of equitable security holders by size of holding:

	Number of holders of ordinary shares
1 to 1,000	307
1,001 to 5,000	618
5,001 to 10,000	324
10,001 to 100,000	459
100,001 and over	77
	<b>1,785</b>

### Equity security holders

#### Top 20 quoted equity security holders

The holders of the Top 20 security holders of equity securities are listed below:

	Ordinary Shares	
	Number Held	% of total shares issued
Sean Michael Hall	55,755,555	31.20%
Farjoy Pty Ltd	16,946,666	9.48%
FIT Investments Pty Ltd <Hallab Investment A/C>	12,334,445	6.90%
HSBC Custody Nominees (Australia) Limited	11,269,172	6.31%
Realm Group Pty Ltd	10,500,000	5.88%
Citicorp Nominees Pty Ltd	7,684,599	4.30%
Richard Albarran <Albarran Family No 2 A/C>	5,555,553	3.11%
DJ Fairfull Pty Ltd	4,208,591	2.36%
Rolay Pty Ltd	3,750,000	2.10%
Acron Holdings Pty Ltd <Acron Super Fund>	3,524,820	1.97%
Morgan Stanley Australia Securities (Nominee) Pty Ltd <No 1 Account>	3,097,602	1.73%
United Trolley Collections Pty Ltd	3,000,000	1.68%
Rolay Pty Ltd	1,805,553	1.01%
David Kenney	1,500,000	0.84%
Washington H Soul Pattison Pty Ltd	1,365,511	0.76%
Legend Developments Pty Ltd <A&D Dworkin Family A/C>	1,111,111	0.62%
L&S Investments (Aust) Pty Ltd <L&S Superannuation Fund A/C>	1,111,110	0.62%
Sean Kerridge	990,000	0.55%
BNP Paribas Nominees Pty Ltd	893,161	0.50%
Lesral Pty Ltd <RH Craven Super Fund A/C>	833,333	0.47%
	<b>147,236,782</b>	<b>82.39%</b>

#### Unquoted equity securities

	Number Held	Number of holders
Options over ordinary shares issued:	12,541,725	5

#### Substantial Shareholders

	Ordinary Shares	
	Number Held	% of total shares issued
Sean Michael Hall	55,755,555	31.20%
Farjoy Pty Ltd	16,946,666	9.48%
FIT Investments Pty Ltd <Hallab Investment A/C>	12,334,445	6.90%
HSBC Custody Nominees (Australia) Limited	11,269,172	6.31%
Realm Group Pty Ltd	10,500,000	5.88%

## CORPORATE DIRECTORY

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Directors:	Michael Hall Sean Hall Drew Townsend
Company Secretary:	Alan Dworkin
Notice of Annual General Meeting:	The details of the annual general meeting of Medlab Clinical Limited are: Hall Chadwick 40/2 Park Street Sydney NSW 2000 10:00 am on Friday 10 November 2017
Registered Office:	66 McCauley Street Alexandria NSW 2015
Principal Place of Business:	66 McCauley Street Alexandria NSW 2015
Share Registry:	Advanced Share Registry 110 Stirling Highway Nedlands WA 6009
Auditors:	ESV Accounting and Business Advisors Level 18 City Centre 55 Market Street Sydney NSW 2000
Solicitors:	Sparke Helmore Lawyers Level 29 MLC Centre 19 Martin Place Sydney NSW 2000
Patent Attorneys:	Davies Collison Cave 255 Elizabeth Street Sydney NSW 2000
Bank:	Commonwealth Bank Australia Limited
Securities Exchange Listing:	Medlab Clinical Limited shares are listed on the Australian Securities Exchange (ASX: MDC)
Website:	<a href="http://www.medlab.co">www.medlab.co</a>
Corporate Governance Statement:	<a href="http://www.medlab.co/investor/corporate-governance">http://www.medlab.co/investor/corporate-governance</a>

#Repost @BIOTIC\_JNR.  
 This is a great probiotic specifically made for infants by @medlab\_clinical. I give Indi a scoop every morning in her water to help maintain great gut health.  
 #probiotic #infantprobiotic #lactoferrin #gihealth #guthealth #immunesystem #functionalnutrition #functionalmedicine #functionaldiagnosticnutrition #antimicrobial #antiviral  
 The multi-species helps to promote GI and immune maturation. It also has lactoferrin in it which provides anti-microbial and anti-viral activity.



reviewed Medlab - 16 mins  
 MgOptima Relax is the best!! It's one of my go to supplements. In clinic I see many people needing assistance with muscle recovery and I always recommend magnesium. I love it because it helps with their muscle recovery, energy pathways and relaxation. I had 1 client I sample it and said it left her feeling calm the whole day and her muscle cramps had stopped! It's also been amazing for my clients cleaning up their diet that get the 'sugar/carb withdrawal headaches' switched them from using Nurofen to magnesium recovery and relaxation. So definitely use it if you need to promote muscle recovery and relaxation. I usually recommend 1 scoop 1 1/2 hours before bed...oh and it tastes amazing! pretty hard to find a magnesium that dissolves well and tastes great. Get on it!



Medlab  
 Published by @Eli6 Cunnane (?) · 8 August at 14:00 ·  
 Powered through a lunchtime gym session  
 #Repost @:  
 Your PRE and POST exercise regime can be just as important as your training! Come in and try our new @medlab\_clinical targeted pre exercise powder formulated with evidenced based ingredients supporting energy production, blood circulation and rehydration.  
 P.s the tropical flavour is delicious! 🍹 ask us for a taste test.  
 #health #wellness #pharmacy #training #gym #pharmacist #healthyliving #fitforlife #fit #healthyeats #exercise #nutrition #energy #medlab #adrenalfatigue #aminoacids #preworkout #preworkoutmeal #postworkout #energy #workout

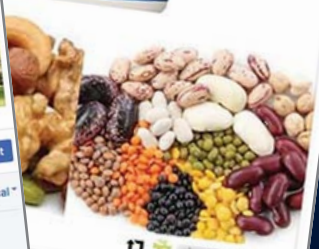


1,779 people reached  
 Not Boosted  
 Chronological  
 2 comments  
 Available under consultation at:  
 with the Medlab range. Thank you to the research team  
 Like · Reply · Message · 2 · 25 July at 10:04  
 Are these available at chemists or only naturopaths  
 Like · Reply · See response · 25 July at 10:29  
 Medlab Hi J... we are available at selected chemists and clinics. We have sent you a private message!  
 Like · Reply · 1 · 25 July at 14:02

#Repost Healing time  
 Back on the road to recovery after having mastitis. Ouch, now that is one painful condition to have.  
 So dosing up on @medlab\_clinical Biotic Natal, a probiotic blend specifically for breastfeeding and pregnancy. And a tincture of western herbs to help with inflammation and milk supply.  
 #mastitis #naturalhealing #breastfeeding #milk supply  
 #postnatal #medlab #bioticnatal



#Repost week relax  
 Optima Relax 🌿🌿🌿 vibes for your Mid-week relax  
 Our store manager had a serving of Medlab magnesium "Optima Relax" before bed on Sunday night and had the best 6hrs of quality sleep in a long time!  
 It contains theanine, magnesium in absorbable glycinate form, glutamine, zinc etc and taste fantastic.  
 Magnesium is one of the most abundant minerals in our body and is a cofactor in more than 300 enzyme systems that regulate diverse biochemical reactions. So come in and have a chat with our naturopaths about your magnesium needs and we could explain to you more about Medlab magnesium.  
 Also consider increasing the following foods that are magnesium rich into your diet. Think high fiber foods : legumes, whole grains, vegetables (especially broccoli, squash, and green leafy vegetables), seeds, and nuts (especially almonds) which are also available at  
 #vegetarianfriendly #magnesium #legumes #nuts #doctorearthbondjunction #drearthbondi #bondjunction #bondi #theanine #glutamine #zinc #relax



1,406 people reached  
 Boost post  
 Chronological  
 This is the best product!  
 Like · Reply · Message · 1 · 15 July at 15:15  
 Medlab Great to hear this formula is working for you  
 Like · Reply · 1 · 15 July at 19:03



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Fax +61 2 9699 3347  
Email [hello@medlab.co](mailto:hello@medlab.co)  
Web [medlab.co](http://medlab.co)