

19 February 2019

Andrew Black

Manager, Listing Compliance
ASX Compliance Pty Ltd
20 Bridge Street
Sydney NSW 2000

By Email: Andrew.Black@asx.com.au

Dear Andrew

Pre-Quotation Disclosure Statements

1. Updated Pro-forma Statement of Financial Position

- 1.1 The table below sets out the updated audited and pro-forma consolidated statement of financial position of Mediland Pharm Limited (ACN 628 420 824) (**Company**) as at 30 June 2018 based on the actual amount of funds raised under the Offer.

\$'000	Notes	Pacific Merchants Group Limited Audited	Mediland Pharm Limited (unaudited)	Impact of the Offer	Pro Forma subscription
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		8,003	-	3,562	11,565
Trade and other receivables		1,323	-	(19)	1,304
Inventories		469	-	-	469
TOTAL CURRENT ASSETS		9,795	-	3,543	13,338
NON CURRENT ASSETS					
Plant and equipment		1,570	-	-	1,570
Deferred tax assets		121	-	210	331
TOTAL NON CURRENT ASSETS		1,691	-	210	1,901
TOTAL ASSETS		11,486	-	3,753	15,239
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables		5,477	-	-	5,477
Provisions		17	-	-	17
Income tax payable		337	-	-	337
TOTAL CURRENT LIABILITIES		5,831	-	-	5,831
TOTAL NON CURRENT LIABILITIES		-	-	-	-

TOTAL LIABILITIES	5,831	-	-	5,831
NET ASSETS	5,655	-	3,753	9,408
EQUITY				
Contributed equity	1	-	12,157	12,158
Retained earnings	5,654	-	(8,404)	(2,750)
TOTAL EQUITY	5,655	-	3,753	9,408

2. Updated Statement of Commitments

- 2.1 A reconciliation of the Offer proceeds to the estimated cash position of the Company following Completion of the Offer and an updated statement of the Company's proposed use of funds are set out below.

Sources	Actual Subscription (\$m)	Uses	Actual Subscription (\$m)	
Cash proceeds received from the issue of Shares under the Offer	12.6	Relocation to a larger site in Gold Coast and associated fit out cost	1.0	7.0%
Expected cash position as at Prospectus date	1.8	Expanding retail networks through either development or acquisition of direct retail stores in key markets and location	5.0	34.8%
		Remaining dividend to be paid	0.4	2.8%
		Developing online sales and marketing platform to capture incremental revenue	3.5	24.4%
		Working capital	4.0	27.8%
		Costs of the offer (current estimate) ¹	0.5	3.2%
Total sources	14.4	Total uses	14.4	100.00%

1. Please refer to section 9.9 of the Prospectus for more information about the costs of the offer.

- 2.2 The above table is a statement of current intentions as of the date of this announcement. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately used. The Board reserves the rights to alter the way funds are used on this basis.

3. Performance Rights

- 3.1 The Company advises that as contemplated in its prospectus dated 23 November 2018 supplemented by a supplementary prospectus dated 11 January 2019 (**Prospectus**), it has issued \$90,000 worth of Performance Rights to the non-executive directors of the Company (**NEDs**) and 13,300,000 Performance Rights to other senior management personnel (**Participants**).
- 3.2 A total of \$90,000 worth of Performance Rights was issued to the following NEDs on the commencement date of their appointment according to their employment contracts:

No.	Name	Value of Performance Rights to be issued	Issue date/Commencement date of appointment
1.	Tracey Cray	\$30,000	1 November 2018
2.	Peter French	\$30,000	1 November 2018
3.	Theo Renard	\$30,000	24 January 2019
Total		\$90,000	

3.3 The Performance Rights have a nil exercise price and will be vested on the Vesting Dates specified in the Prospectus over a 3-year period commencing 1 year anniversary of the commencement date of the appointment. The Performance Rights are subject to vesting conditions based on the employment status of the NEDs on each of the Vesting Dates. Please refer to section 5.4.2 of the Prospectus for further details regarding the terms of the Performance Rights.

3.4 A total of 13,300,000 Performance Rights were issued on 18 February 2019 to the following Participants under the Long Term Incentive Plan of the Company:

No.	Name	Position	Number of Performance Rights to be issued
1.	Yeshween Mudaliar	Managing Director	2,500,000
2.	Meliza Perez	Finance Manager	1,500,000
3.	Jing Huang	Store Manager	1,250,000
4.	Hongwei Chen	Store Manager	1,250,000
5.	Jonathan Liu	Store Manager	1,250,000
6.	Ting Li	Store Manager	1,250,000
7.	Chenlu Bian	Operations Manager	1,250,000
8.	Yi Liu	Operations Manager	1,250,000
9.	Jessie Tao	CFO	500,000
10.	Xue Mei Dowd	Assistant Manager	1,250,000
11.	Feng Wang	Operations Assistant	50,000
Total			13,300,000

3.5 The Performance Rights have a nil exercise price and will be vested on the Vesting Dates specified in the Prospectus over a 3-year period commencing 9 January 2020. The Performance Rights are subject to vesting conditions based on the employment status of the Participants on each of the Vesting Dates. Please refer to section 5.4.3 of the Prospectus for further details regarding the terms of the Performance Rights.

3.6 Further announcements will be made when the Performance Rights are being vested by the Participants.

4. Voluntary Escrow

- 4.1 The Existing Shareholder of the Company has entered into a voluntary escrow deed in respect of its shareholding retained following the Offer as described in the Prospectus. The details of the voluntary escrow arrangements are set out in the table below:

Existing Shareholder	Number of escrowed Shares under the voluntary escrow deed	Period of voluntary escrow
Pacific Merchants Group Limited	250,000,000	12 months commencing on Listing Date

5. Appointment of Theo Renard as a Director

- 5.1 The Company advises that as contemplated in the Prospectus, it has appointed Theo Renard as a non-executive director of the Company effective on 24 January 2019.

6. Issue of Shares to Lead Manager and Corporate Adviser

- 6.1 The Company advises that:
- (a) no shares have been issued to Bridge Street Capital Partners Pty Ltd pursuant to the Lead Manager Agreement disclosed in section 9.2.1 of the Prospectus;
 - (b) no shares have been issued to Austra Capital Pty Ltd pursuant to the Corporate Adviser Agreement disclosed in section 9.2.2 of the Prospectus.

Yours sincerely,



Indira Naidu

Company Secretary

Mediland Pharm Limited