

ASX Announcement

30 July 2020

Quarterly results for the period ended 30 June 2020

- **As expected, due to the effects of the Covid-19 pandemic, revenues from retail store sales were significantly lower than the previous quarter**
- **Online sales revenues are steadily growing**
- **The Company continues to implement measures aimed at minimising cash outgoings and growing revenue**

The Directors of **Mediland Pharm Limited** ("**Mediland**" or the "**Company**") are pleased to announce Quarterly results for the period ended 30 June 2020.

As expected, the Covid-19 pandemic and associated international border closures continues to negatively affect the Company's performance and its cashflows. The total cash position for the Group at 30 June reduced to A\$7.4m. This was a decrease compared to previous quarter reporting. However, reviewing performance for the last six months of the financial year, the Company has been successfully minimising its cash outgoings to maintain its cash position despite having to close four retail shops.

The Company has managed to significantly reduce its cost base mainly through on-going rent reductions. This quarter's expenditure includes the last of the implementation and set-up costs in relation to the Company's online platform and the associated APP. These costs are not expected to contribute significantly to expenditure in the next quarter.

Further measures to maintain cash and grow revenue

The past quarter saw a focus on cost reductions and efforts to increase the online sales.

The Company recognises the challenges of maintaining its core business - Australian and New Zealand retail sales - in the next six months due to the pandemic, which has affected tourism and retail globally. As a result, the Company is undertaking further cost reduction measures and new revenue generating initiatives aimed at maintaining and growing cash on hand.

The Company thanks the landlords of our Australian and New Zealand stores who have been willing to implement rent reductions and lease incentives in response to the Company's requests. Management will continue to negotiate for concessions while the pandemic continues to affect the Company's revenues.

The Board has evaluated non-executive Director fee remuneration in light of the adverse impact Covid-19 has on Mediland's operations, and the Board has resolved to reduce the fees by 75% until further notice.

Management is working assiduously to expand its online channels and the associated APP. Pleasingly, online sales, and the numbers of followers and registered online customers are increasing. The Company aims to convert these opportunities into increased revenue in the coming quarters. Management and the board are actively investigating other avenues to expand and diversify revenues.

The Company aims to maintain and build on our local and on-line sales until the normalisation of our core business. Mediland is committed to maintaining contact with our staff who have been stood down, and the travel operators with whom Mediland has enjoyed a long and fruitful partnership. The Company will continue to update the market as appropriate.

Authorised for release by the Board of Mediland Pharm Limited.

ENDS

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Company enquiries

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About Mediland Pharm

Mediland Pharm is a leading retailer of cosmetics, jewellery, health, well-being, and wool products, serving the inbound Chinese tourism market in Australia and New Zealand. The Company operates three retail stores located in Australia (Sydney, Melbourne, and the Gold Coast) and one in Auckland, New Zealand. Mediland partners with leading travel agents and wholesale tour operators to generate sales through exclusive customer shopping agreements.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Mediland Pharm Limited

ABN

83 628 420 824

Quarter ended ("current quarter")

30 June 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,349	24,724
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(717)	(5,619)
(c) advertising and marketing	(1,361)	(15,367)
(d) leased assets	(262)	(1,241)
(e) staff costs	(202)	(2,231)
(f) administration and corporate costs	(260)	(2,641)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	33	110
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(11)	(546)
1.7 Government grants and tax incentives	289	289
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,142)	(2,522)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	(800)
(b) businesses	-	-
(c) property, plant and equipment	-	(1,242)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	(2,042)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	8,661	12,047
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,142)	(2,522)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(2,042)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(38)	(2)
4.6	Cash and cash equivalents at end of period	7,481	7,841

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	7,481	8,661
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	7,481	8,661

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,142)
8.2	Cash and cash equivalents at quarter end (item 4.6)	7,481
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	7,481
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	6.550
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>		
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer:	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer:	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer:	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: **30 July 2020**

The board of Mediland Pharm Limited

Authorised by:
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.