

ASX Announcement

26 February 2021

Half-year results for the period ended 31 December 2020

The directors of **Mediland Pharm Limited** (“**Mediland**” and or the “**Company**” “**Group**”)) announce its half year results for the six months ended 31 December 2020.

During the half year, Australia’s and New Zealand’s borders continued to be effectively closed to inbound tourism due to the Covid-19 pandemic. This negatively impacted the Company’s performance in this reporting period. The total revenue of Mediland Pharm Group for this reporting period was A\$727k (HY 2019: A\$19,394k). This is a decrease of 96% compared to the same period last year.

The Company’s total cash position at 31 December was \$4,925k, down by \$2,379k from the previous reporting period at 30 June 2020. The majority of the decrease relates to loss of control of the three Australian Subsidiaries following their entry into voluntary administration (as announced on 11 December 2020), loss of cash balances of the de-consolidated subsidiaries of \$857k and repayment of its related party loans owing to these subsidiaries of \$198k. **The voluntary administration of the Company’s Australian Subsidiaries does not apply to Mediland Pharm Limited.**

The Company had put in rigid cost control measures and had been able to successfully stabilise cash flows used in operations by maintaining minimal fixed operating costs.

Total loss after income tax for the Group for the half-year was \$5,512k compared to a loss of \$795k in the previous corresponding period. The majority of the loss is attributable to closure of all retail stores since the announcement of the global pandemic, being \$3,202k of impairment loss recognised. Further \$1,873k has been written off as loans forgiven due to loss of control of the three Australian subsidiaries. These are non-cash losses arising as a result of the pandemic, which has resulted in closure of and exit of these operations from the Group. Stripping out these extra-ordinary items, the Company has managed to sustain costs. Loss from operating activities excluding these extra-ordinary items was \$1,171k, compared to the loss for the Group as disclosed in the income statement of \$5,5512k.

Mediland is taking a proactive approach to address the challenges experienced as a result of the pandemic. The Board and Management are committed to diversifying the Company’s revenue streams and to focus on building shareholder value through growth opportunities for the Group. Mediland has continued to remain focused on driving revenue through its e-commerce/online platform and has moved to inventory to further promote its goods through this channel.

The Independent Expert Review (IER) is in its completion stages on the proposed transaction to acquire the Heartland Hotel in New Zealand. Mediland will announce an indicative timetable to complete the transaction soon, should the acquisition be approved by our shareholders at a forthcoming General Meeting. If approved, this will be the first of a number of initiatives that the Company's Board and Management will implement with the aim of ensuring the Company can emerge from the pandemic in a strong position, with a diverse revenue stream.

The Company continues to monitor the global pandemic, its impact on the Company's performance, whilst maintaining its relationships with its partners both external (Suppliers, Inbound Tour Operators) and internal (Staff) to ensure that it can quickly re-commence its operations when the border restrictions are lifted, and tourism returns to some normality.

Authorised by the Board of Mediland Pharm Limited

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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 one retail store located in Auckland, New Zealand and one direct flagship shop for its online business in Australia. Mediland partners with leading travel agents and wholesale tour operators to generate sales through exclusive customer shopping agreements.

Mediland Pharm Limited (ASX: MPH) (**Mediland** or the **Company**), a market leading retail company focused on servicing the Chinese inbound tourism sector in Australia, is pleased to report its financial results for the half year ended 31 December 2020 (the **Half-Year**) (the **Financial Report**) and its Appendix 4D.

1. Company details

Reporting period: For the half-year ended 31 December 2020
Previous period: For the half-year ended 31 December 2019

2. Results for announcement to the market

				Reporting period
Revenues from ordinary activities	Down	96%	to	\$726,641
Loss from ordinary activities after tax attributable to the owners of Mediland Pharm Limited	Up	593%	to	\$5,511,806
Net loss for the period attributable to the owners of Mediland Pharm Limited	Up	593%	to	\$5,511,806

Comments

The loss for the Group after providing for income tax amounted to \$5,511,806 (31 December 2019: \$795,249), primarily due to COVID-19 Pandemic. All Australian retail outlets have not traded since Feb 2020. Given the uncertainty about the future state of the economy, the Group has decided to recognised total impairment expenses of \$3,202,443 over the goodwill and other assets at the current reporting date.

Further information on the results is detailed in the 'Review of operations' section of the Directors' report which is part of the Half-Year Report.

3. Net tangible assets

	Reporting period	Previous period
Net tangible assets per share (cents)	0.2	0.8

4. Details of entities over which control has been loss during the period, including;

Loss of control over entities

Name of entities (or group of entities)	Date control loss
Darling Harbour Pty Ltd (Sydney store)	11 December 2020
St Wells Pty Ltd (Melbourne store)	11 December 2020
Surfers Paradise Pty Ltd (Gold Coast store)	11 December 2020

Loss attributable from loss of control of these subsidiaries totalled \$1,183,430 (including a loss on loan forgiveness of \$1,873,264 and a gain on loss of control of \$689,834). For details refer to Note 12 to the financial statements and attached commentary on the impact due to loss of control of these entities.

5. Dividend reinvestment plans

Not applicable.

6. Details of associates and joint venture entities

Not applicable.

7. Audit qualification or review

The consolidated financial statements for the half year ended 31 December 2020 have been reviewed by BDO.

Mediland Pharm Limited

ABN 83 628 420 824

Half-Year Financial Report

**For the Half Year Ended
31 December 2020**

Directors	Jhon Shen (Executive director) Yeshween Mudaliar (Managing director) Dr Peter French (Non-executive director and Chairman) Tracey Cray (Non-executive director) Theo Renard (Non-executive director) Leo Cui (Non-executive Director, appointed 28 November 2019)
Company secretary	Indira Naidu
Registered office	Suite 4, Level 19, 227, Elizabeth Street SYDNEY NSW 2000
Principal place of business	Suite 4, Level 19, 227, Elizabeth Street SYDNEY NSW 2000
Share register	Computershare Ltd Level 4, 60 Carrington Street Sydney NSW 2000
Auditor	BDO Audit Pty Ltd 11/1 Margaret St, Sydney NSW 2000
Bankers	St George Bank, Sydney Branch 316 George St Sydney NSW 2000
Stock exchange listing	Mediland Pharm Limited shares are listed on the Australian Securities Exchange (ASX code: MPH)
Website	http://www.medilandpharm.com.au

Corporate governance statement

Mediland Pharm Limited's Board is committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to refine and improve the governance framework and practices in place to ensure they meet the interest of shareholders.

The Company complies with the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council. A copy of the Company's corporate governance statement is available at the Company's website at the following address: <http://www.medilandpharm.com.au/investor-relations-corporate-governance/>.

The directors present their report, on the consolidated entity (referred to hereafter as 'the Group') consisting of Mediland Pharm Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the half-year ended 31 December 2020.

Directors

The following persons were directors of Mediland Pharm Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Jhon Shen (Executive Director)
Yeshween Mudaliar (Managing Director)
Dr Peter French (Non-executive Director and Chairman)
Tracey Cray (Non-executive Director)
Theo Renard (Non-executive Director)
Leo Cui (Non-executive Director, appointed 28 November 2019)

Principal activities

The Group operates a retail business, with retail outlets in Australia and New Zealand focused on serving inbound Chinese tourists, who typically visit the outlets during an organised group tour.

Review of operations

The impact of COVID-19 has continued to negatively impact Mediland's operations given Mediland's stores reliant on Chinese tour groups, with the stores remaining closed since February 2020, the decision was made to enter into voluntary administration for the three Australian based stores as announced earlier. Another factor for this was the ongoing government relationship deteriorating between Australian and Chinese governments.

The Group has continued to remain focused on driving revenue through its e-commerce/online platform and has moved to inventory to further promote its goods through this channel. The Group is taking a proactive approach to address the challenges experienced as a result of the pandemic. The Board and Management are committed to diversifying the Company's revenue streams and to focus on building shareholder value through growth opportunities for the Group. The Independent Expert Review (IER) is in its completion stages on the proposed transaction to acquire the Heartland Hotel in New Zealand. Mediland will announce an indicative timetable to complete the transaction soon.

As a result of COVID-19 Pandemic, Australian retail outlets have not traded since February 2020. The revenues from Ian's health Lounge (Enti Financial) and the Auckland retail store have also been impacted by the pandemic. Given the uncertainty surrounding the future state of the economy, management are taking a conservative approach in order to control expenditures. The loss for the Group after providing for income tax amounted to \$5,511,806 (31 December 2019: loss of \$795,249). Following the cancellation of the Long-Term Incentive Plan Performance Rights the share-based payments expense for the period is \$547,324.

Significant changes in the state of affairs

Three of the retail outlets entered into voluntary administration on 11 December 2020, these were:

- Darling Harbour Pty Ltd (Sydney store);
- St Wells Pty Ltd (Melbourne store); and
- Surfers Paradise Pty Ltd (Gold Coast store).

Since 11 December 2020, the Group no longer has control over these entities, following the deconsolidation of these entities, loss of \$1,183,430 (including a loss on loan forgiveness of \$1,873,264 and a gain on loss of control of \$689,834) has been recognised in the statement of profit or loss.

Matters subsequent to the end of the financial half-year

The Company has commissioned an Independent Expert Report with respect to the proposed Hamilton Hotel Acquisition ("proposed transaction"). This report is expected to be completed shortly and will be made available to minority shareholders who will be required to vote on proceeding with the proposed transaction. The General Meeting where this vote will take place is expected to occur in April 2021.

Other than the above, no matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Dr. Peter French
Chairman

26 February 2021
Sydney

DECLARATION OF INDEPENDENCE BY GILLIAN SHEA TO THE DIRECTORS OF MEDILAND PHARM LIMITED

As lead auditor of Mediland Pharm Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Mediland Pharm Limited and the entities it controlled during the period.



Gillian Shea
Director

BDO Audit Pty Ltd

Sydney, 26 February 2021

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Mediland Pharm Limited
Statement of profit or loss and other comprehensive income
For the half year ended 31 December 2020

		Consolidated Half year ended 31 December 2020 \$	Half year ended 31 December 2019 \$
	Note		
Revenue	2	726,641	19,393,774
Cost of sales		(483,443)	(3,233,337)
Gross profit		243,198	16,160,437
Other income	2	697,466	69,146
Marketing expenses		(14,703)	(12,119,230)
Occupancy expenses		(21,619)	(271,898)
Administrative expenses		(1,217,520)	(2,149,688)
Employee benefit expenses		(760,229)	(1,505,654)
Share-based payment expenses	10	(547,324)	(747,016)
Finance costs		(97,609)	(76,241)
Impairment expenses	8	(3,202,443)	-
Gain recognised on the loss of control	12	689,834	-
Loan forgiveness on the loss of control	12	(1,873,264)	-
(Loss) before income tax expense		(6,104,213)	(640,144)
Income tax benefit / (expense)		592,407	(155,105)
(Loss) after income tax expense for the half year attributable to members of Mediland Pharm Limited		(5,511,806)	(795,249)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		4,377	20,560
Total comprehensive income for the half year attributable to members of Mediland Pharm Limited		(5,507,429)	(774,689)
		Cents	Cents
Earnings			
Basic (loss) per share	11	(1.76)	(0.25)
Diluted (loss) per share	11	(1.76)	(0.25)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Mediland Pharm Limited
Consolidated Statement of financial position
As at 31 December 2020

		Consolidated	
	Note	31 December	30 June
		2020	2020
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	4	4,925,417	7,304,139
Trade and other receivables	5	514,047	925,029
Prepayments		9,018	-
Inventories	6	814,386	1,411,204
Current tax assets		373,351	373,842
Total current assets		<u>6,636,219</u>	<u>10,014,214</u>
Non-current assets			
Property, plant and equipment	7	3,510	3,031,398
Right-of-use assets	13	-	3,953,146
Intangibles	8	19,622	204,647
Goodwill	8	-	321,882
Deferred tax assets		24,858	1,014,350
Total non-current assets		<u>47,990</u>	<u>8,525,423</u>
Total assets		<u>6,684,209</u>	<u>18,539,637</u>
Liabilities			
Current liabilities			
Trade and other payables	9	1,298,564	3,704,391
Provisions		3,196	50,854
Customer deposits		107,902	399,987
Lease liability – Short term	13	477,651	820,451
Total current liabilities		<u>1,887,313</u>	<u>4,975,683</u>
Non-current liabilities			
Deferred tax liabilities		-	1,398,224
Lease liability – Long term	13	982,329	3,391,058
Total non-current liabilities		<u>982,329</u>	<u>4,789,282</u>
Total liabilities		<u>2,869,642</u>	<u>9,764,965</u>
Net assets		<u>3,814,567</u>	<u>8,774,672</u>
Equity			
Issued capital		11,898,945	11,898,945
Reserves	10	2,195,539	1,643,838
Retained profits		<u>(10,279,917)</u>	<u>(4,768,111)</u>
Total equity		<u>3,814,567</u>	<u>8,774,672</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Mediland Pharm Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2020

Consolidated	Issued capital \$	Group restructure reserve \$	Foreign currency reserve \$	Share-based payments reserve \$	Retained profits \$	Total equity \$
Balance at 1 July 2019	11,898,945	71,146	18,163	710,909	341,428	13,040,591
Impact of change in accounting policy	-	-	-	-	(68,097)	(68,097)
Restated balance at 1 July 2019	11,898,945	71,146	18,163	710,909	273,331	12,972,494
Loss after income tax expense for the half year	-	-	-	-	(795,249)	(795,249)
Other comprehensive income for the half year, net of tax	-	-	20,560	-	-	20,560
Total comprehensive income for the half year	-	-	20,560	-	(795,249)	(774,689)
<i>Transactions with owners in their capacity as owners:</i>						
Share-based payments	-	-	-	747,016	-	747,016
Balance at 31 December 2019	<u>11,898,945</u>	<u>71,146</u>	<u>38,723</u>	<u>1,457,925</u>	<u>(521,918)</u>	<u>12,944,821</u>
Consolidated	Issued capital \$	Group restructure reserve \$	Foreign currency reserve \$	Share-based payments reserve \$	Retained profits \$	Total equity \$
Balance at 1 July 2020	11,898,945	71,146	(54,559)	1,627,251	(4,768,111)	8,774,672
Loss after income tax expense for the half year	-	-	-	-	(5,511,806)	(5,511,806)
Other comprehensive income for the half year, net of tax	-	-	4,377	-	-	4,377
Total comprehensive income for the half year	-	-	4,377	-	(5,511,806)	(5,507,429)
<i>Transactions with owners in their capacity as owners:</i>						
Share-based payments	-	-	-	547,324	-	547,324
Balance at 31 December 2020	<u>11,898,945</u>	<u>71,146</u>	<u>(50,182)</u>	<u>2,174,575</u>	<u>(10,279,917)</u>	<u>3,814,567</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Mediland Pharm Limited
Consolidated Statement of cash flows
For the half-year ended 31 December 2020

		Consolidated Half-year ended 31 December 2020 \$	Half-year ended 31 December 2019 \$
Note			
	Cash flows from operating activities		
	Receipts from customers (inclusive of GST)	351,596	19,236,585
	Payments to suppliers and employees (inclusive of GST)	(1,920,993)	(20,215,858)
	Interest received	26,292	69,146
	Lease interests	(97,609)	-
	Net income taxes paid	-	(757,231)
	Government grants and tax incentives	567,835	-
	Net cash (used in) operating activities	(1,072,879)	(1,667,358)
	Cash flows from investing activities		
	Payments to acquire plant and equipment	-	(1,308,086)
	Payments to acquire business	(9,018)	(800,000)
	Payment to related party	(197,961)	-
	Loss of control over subsidiaries	(856,934)	-
	Net cash used in investing activities	(1,063,913)	(2,108,086)
	Cash flows from financing activities		
	Issues of shares	-	-
	Dividends paid	-	-
	Lease payment (Principal)	(249,097)	(328,898)
	Net cash used in financing activities	(249,097)	(328,898)
	Net decrease in cash and cash equivalents	(2,385,889)	(4,104,342)
	Cash and cash equivalents at the beginning of the financial half-year	7,304,139	12,047,350
	Effects of exchange rate changes on cash and cash equivalents	7,167	16,447
	Cash and cash equivalents at the end of the financial half-year	4,925,417	7,959,455
4			

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The half year consolidated financial statements is a general purpose financial report for the half-year ended 31 December 2020, have been prepared in accordance with requirements of *Corporations Act 2001* and Australian Accounting Standards AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The half year report does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of Mediland as the annual report.

Accordingly, it is recommended that this financial report be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by Mediland Pharm Limited during the half year in accordance with continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding half year reporting period.

In March 2020, the novel coronavirus (COVID-19) was declared a world-wide pandemic by the World Health Organisation. This has caused significant disruption to business and economic activity globally, including in Australia. In response to the pandemic, the group implemented business continuity procedures together with measures and safeguards to address the health and safety of our staff and customers. To date, the group's operations have been substantially impacted as management and Board continue to undertake rigorous measures to control operating costs and maintain cash reserves in the Group.

The ongoing pandemic has increased the estimation of uncertainty in the preparation of the half year report. The estimation of uncertainty has led to impairment of assets of the group by \$3,202,443 and forgiveness of loan due to loss of control of three of its subsidiaries, totalling \$1,873,264. The group has applied accounting estimates based on forecasts of economic conditions which reflect expectations and assumptions as at 31 December 2020 about future events, including COVID-19 that management believe are reasonable in the circumstances.

New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. The accounting policies adopted are consistent with those of the previous financial year and corresponding half year period.

Note 2. REVENUE AND OTHER INCOME

	Half-year ended 31 December 2020 \$	Half-year ended 31 December 2019 \$
Revenue		
Sale of goods	622,834	15,864,531
Commission received	103,807	3,529,243
Total revenue	726,641	19,393,774
Other income		
Interest income	26,292	69,146
Government grants	567,835	-
Other income	81,293	-
Gain on lease termination	22,046	-
Total other income	697,466	69,146

Note 3. SEGMENT INFORMATION

Profit and loss disclosure

For the half year ended 31 December 2020, the Group examines the group's performance both from a product and geographic perspective and has identified two reportable segments of its business:

- Retailer servicing the Chinese inbound tourism sector in Australia and New Zealand.
- Online sales through E-commerce Platform.

	31 December 2020			31 December 2019		
	Retail	Online	Total	Retail	Online	Total
	\$	\$	\$	\$	\$	\$
Sale of goods						
Australia	373,501	350,936	724,437	13,193,114	-	13,193,114
New Zealand	2,204	-	2,204	2,671,417	-	2,671,417
	<u>375,705</u>	<u>350,936</u>	<u>726,641</u>	<u>15,864,531</u>	<u>-</u>	<u>15,864,531</u>
Commission received						
Australia	-	-	-	1,662,114	-	1,662,114
New Zealand	-	-	-	1,867,129	-	1,867,129
	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,529,243</u>	<u>-</u>	<u>3,529,243</u>
Other revenue						
Australia	127,679	-	127,679	59,871	-	59,871
New Zealand	1,952	-	1,952	9,275	-	9,275
	<u>129,631</u>	<u>-</u>	<u>129,631</u>	<u>69,146</u>	<u>-</u>	<u>69,146</u>
Government grant						
Australia	565,883	-	565,883	-	-	-
New Zealand	1,952	-	1,952	-	-	-
	<u>567,835</u>	<u>-</u>	<u>567,835</u>	<u>-</u>	<u>-</u>	<u>-</u>
Less: COGS						
Australia	(215,944)	(265,700)	(481,644)	(2,847,320)	-	(2,847,320)
New Zealand	(1,799)	-	(1,799)	(386,017)	-	(386,017)
	<u>(217,743)</u>	<u>(265,700)</u>	<u>(483,443)</u>	<u>(3,233,337)</u>	<u>-</u>	<u>(3,233,337)</u>
Operating expense						
Australia	(1,700,502)	(220,592)	(1,921,094)	(13,768,275)	-	(13,768,275)
New Zealand	(190,586)	-	(190,586)	(2,354,436)	-	(2,354,436)
	<u>(1,891,088)</u>	<u>(220,592)</u>	<u>(2,111,680)</u>	<u>(16,122,711)</u>	<u>-</u>	<u>(16,122,711)</u>
Segment (profit) or loss	(1,035,660)	(135,356)	(1,171,016)	106,872	-	106,872
Add:						
Share-based payment			(547,324)			(747,016)
Impairment expenses			(3,202,443)			-
Loan forgiveness			(1,873,264)			-
Gain recognised on the loss of control			689,834			-
Income tax benefit / (expense)			592,407			(155,105)
Net loss			(5,511,806)			(795,249)

Note 3. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

Segment assets and liabilities are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment.

	31 December 2020			30 June 2020		
	Retail	Online	Total	Retail	Online	Total
	\$	\$	\$	\$	\$	\$
Segment assets						
Australia	4,261,449	477,499	4,738,948	14,388,196	1,420,508	15,808,704
New Zealand	1,920,403	-	1,920,403	1,716,583	-	1,716,583
Total segment assets	6,181,852	477,499	6,659,351	16,104,779	1,420,508	17,525,287
Unallocated assets			24,858			1,014,350
Total assets as per the balance sheet			6,684,209			18,539,637
Segment liabilities						
Australia	(756,540)	(978,077)	(1,734,617)	(6,871,749)	(1,021,260)	(7,893,009)
New Zealand	(1,135,025)	-	(1,135,025)	(790,960)	-	(790,960)
Total segment liabilities	(1,891,565)	(978,077)	(2,869,642)	(7,662,709)	(1,021,260)	(8,683,969)
Unallocated liabilities			-			(1,080,996)
Total liabilities as per the balance sheet			(2,869,642)			(9,764,965)

Note 4. CASH AND CASH EQUIVALENTS

	31 December 2020	30 June 2020
	\$	\$
Cash on hand	62,101	63,621
Cash at bank	4,863,316	7,240,518
	4,925,417	7,304,139

Note 5. TRADE AND OTHER RECEIVABLES

	31 December 2020	30 June 2020
	\$	\$
Trade receivables	63,863	78,098
	63,863	78,098
Other receivables	300,483	681,088
Deposits	90,161	90,161
GST receivables	59,540	75,682
	450,184	846,931
	514,047	925,029

Note 6. INVENTORIES

	31 December 2020	30 June 2020
	\$	\$
Finished goods – at cost	889,386	1,411,204
Provision for obsolescence	(75,000)	-
	814,386	1,411,204

Note 7. PROPERTY, PLANT AND EQUIPMENT

	31 December 2020	30 June 2020
	\$	\$
Fixtures and fittings - at cost	898	1,503,861
Less: Accumulated depreciation	(134)	(176,933)
	<u>764</u>	<u>1,326,928</u>
Motor vehicles - at cost	-	327,626
Less: Accumulated depreciation	-	(140,290)
	<u>-</u>	<u>187,336</u>
Office equipment - at cost	7,252	228,298
Less: Accumulated depreciation	(4,506)	(91,502)
	<u>2,746</u>	<u>136,796</u>
Lease improvement – at cost	-	1,682,845
Less: Accumulated depreciation	-	(302,507)
	<u>-</u>	<u>1,380,338</u>
Total property, plant and equipment	<u>3,510</u>	<u>3,031,398</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Motor Vehicles	Fixtures and fittings	Office Equipment	Lease Improvement	Total
	\$	\$	\$	\$	\$
Balance at 30 June 2019	205,806	1,352,628	76,382	508,258	2,143,074
Reclassification to intangible	-	-	26,049	(26,049)	-
Adjusted balance as at 1 July 2019	205,806	1,352,628	102,431	482,209	2,143,074
Additions	52,267	32,414	94,068	1,140,732	1,319,481
Disposals	(6,464)	-	-	-	(6,464)
Reclassification	-	-	(6,000)	-	(6,000)
Write-off	(13,009)	-	-	-	(13,009)
Exchange differences	-	(23)	(68)	-	(91)
Depreciation expense	(51,264)	(58,091)	(53,635)	(242,603)	(405,593)
Balance at 30 June 2020	187,336	1,326,928	136,796	1,380,338	3,031,398
Write-off	-	-	(4,986)	-	(4,986)
Disposals due to loss of control	(162,018)	(1,301,805)	(109,798)	-	(1,573,621)
Impairment of CGU	(4,400)	-	(6,864)	(1,225,822)	(1,237,086)
Exchange differences	-	-	(10)	-	(10)
Depreciation expense	(20,918)	(24,359)	(12,392)	(154,516)	(212,185)
Balance at 31 December 2020	<u>-</u>	<u>764</u>	<u>2,746</u>	<u>-</u>	<u>3,510</u>

Note 7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Recognition and Measurement

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 basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Furniture and fittings	3-40 years
Leasehold improvements	3-10 years
Office equipment	1-5 years
Motor vehicle	5-10 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.

Key estimates and judgements:

Estimation of useful lives of assets

The Group 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.

Note 8. INTANGIBLES

Impairment of Assets Accounting Policies

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested 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. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

For the half year ended 31 December 2020, the Group has recognised a total impairment expense of \$3,202,443, being:-

Consolidated	\$
Impairment of goodwill	321,882
Impairment of other assets	
Property, plant and equipment	1,237,086
Right-of-use assets	1,392,305
Intangible assets	176,170
Provision for obsolescence	<u>75,000</u>
Total impairment expenses	<u>3,202,443</u>

Note 8. INTANGIBLES (CONTINUED)

The impairment loss on goodwill and other assets were recognised by the group in the statement of profit or loss relates to its online app and followed a reassessment on the overhead and market risk, as a result of declining sales due to the COVID 19 in the current environment. Using cash flow projections based on financial budgets approved by management covering a five-year period, the Group has goodwill fully impaired due to recoverable amount of the cash-generating unit (determined based on value-in-use calculations) is lower than carrying amount. If the discount rate applied to the cash flow projection of this CGU had been 1% lower than management's estimates (16% instead of 17%), the Group would have to recognise a further impairment of \$5,554.

In view of the Group is in loss making position, the management has extended allocation of impairment to the other assets of the CGU on pro-rate basis, including property, plant and equipment, right-of-use assets, intangible assets and inventory.

	31 December 2020 \$	30 June 2020 \$
Trademark - at cost	16,239	122,243
Less: Accumulated amortisation	(1,412)	(2,996)
	<u>14,827</u>	<u>119,247</u>
Customer relationship – at cost	-	80,000
Website	6,000	6,000
Less: Accumulated amortisation	(1,205)	(600)
	<u>4,795</u>	<u>5,400</u>
Total intangibles	<u>19,622</u>	<u>204,647</u>
Goodwill	-	321,882
Total goodwill	<u>-</u>	<u>321,882</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Patent and Trademark \$	Customer Relationship \$	Website \$	Total \$
Balance at 1 July 2019	5,395	-	-	5,395
Additions through business acquisition:				
Customer relationship	-	80,000	-	80,000
Patent	10,000	-	-	10,000
Other additions	106,325	-	6,000	112,325
	121,720	80,000	6,000	207,720
Amortisation expense	(2,527)	-	(600)	(3,127)
Exchange difference	54	-	-	54
	<u>119,247</u>	<u>80,000</u>	<u>5,400</u>	<u>204,647</u>
Balance at 30 June 2020	119,247	80,000	5,400	204,647
Impairment of CGU	(96,170)	(80,000)	-	(176,170)
Exchange differences	(3,191)	-	-	(3,191)
Amortisation expense	(5,059)	-	(605)	(5,664)
	<u>14,827</u>	<u>-</u>	<u>4,795</u>	<u>19,622</u>
Balance at 31 December 2020	14,827	-	4,795	19,622

Note 8. INTANGIBLES (CONTINUED)

Intangible assets are measured at cost less any accumulated amortisation and any impairment losses. Amortisation is systematically allocated over the useful life of each identifiable asset with a finite life.

Customer Relationship

Customer relationship were acquired as part of a business combination. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line basis over their estimated useful lives. Customer relationship have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. In calculating amortisation costs, patents are taken to have a useful life of 20 years, trademarks are taken to have a useful life of 5 years.

Patent and trademarks

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Amortisation is systematically allocated over the useful life of each patent and trademark. In calculating amortisation costs, patents are taken to have a useful life of 20 years, trademarks are taken to have a useful life of 10 years.

Note 9. TRADE AND OTHER PAYABLES

	31 December 2020	30 June 2020
	\$	\$
Trade payables	1,045,888	3,251,611
Other payables – related parties	-	197,961
Other payables	252,676	254,819
	1,298,564	3,704,391

Note 10. RESERVE

	31 December 2020	30 June 2020
	\$	\$
Foreign currency reserve	(50,182)	(54,559)
Share-based payments reserve*	2,174,575	1,627,251
Group restructure reserve	71,146	71,146
	2,195,539	1,643,838

*There has been an acceleration for Long Term Incentive Plan Share during the half year. As the plan was cancelled during the period, the charge for the remainder of the vesting period has been recorded in the current period, with a corresponding entry to equity.

Note 11. LOSS/EARNINGS PER SHARE

	Half-year ended	Half-year ended
	31 December 2020	31 December 2019
	\$	\$
a. Earnings used to calculate basic EPS from continuing operations	(5,511,806)	(795,249)
	Number	Number
b. Weighted average number of ordinary shares during the year used in calculating basic EPS*	312,763,610	312,763,610
c. Basic and Diluted loss per share (cents per share)	(1.76)	(0.25)

*Basic EPS is calculated as the profit (loss) attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, divided by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus elements in ordinary shares issued during the year.

Note 12. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 December 2020 %	30 June 2020 %
Darling Harbour Pty Ltd **	Australia	100.00%	100.00%
St Wells Pty Ltd **	Australia	100.00%	100.00%
Surfers Paradise Pty Ltd **	Australia	100.00%	100.00%
Mediland Pharm NZ Ltd	New Zealand	100.00%	100.00%
Enti Financial Pty Ltd	Australia	100.00%	100.00%
Share We Do Platform Technology Services Co., Ltd	China	100.00%	100.00%

**** the company has entered into an external administration on 11 December 2020, management of Mediland has lost control of the subsidiary. As a result of deconsolidation, loss of \$1,183,430 has been recognised in the statements of profit or loss. This includes a gain of \$689,834 and the loan receivable balance amounting to \$1,873,264 in Mediland Pharm Limited as at 31 December 2020 due from those three subsidiaries has been written off as the loans have been forgiven.**

Consolidation accounting policies

Subsidiaries are all those entities over which the Group has control. The group controls an entity when the Group 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 Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group 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 Group.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related Non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Note 13. AASB 16 LEASES

	Consolidated 31 December 2020 \$	Consolidated 30 June 2020 \$
Assets		
Right of use assets (AASB 16)	-	3,953,146
Liabilities		
Lease Liabilities – current (AASB 16)	477,651	820,451
Lease Liabilities – non-current (AASB 16)	982,329	3,391,058
	1,459,980	4,211,509
Interest expense charged for the period	97,609	180,521
Reconciliation of right-of-use-assets		\$
Balance at 1 July 2020		3,953,146
Decrease in right-of-use-assets due to loss of control over subsidiaries		(1,824,393)
Decrease in right-of-use-assets due to impairment		(1,392,305)
Lease arrangements terminated during the period		(259,932)
Amortisation expense		(476,516)
Balance at 31 December 2020		-

Note 13. AASB 16 LEASES (CONTINUED)

Reconciliation of Lease Liability	\$
Balance at 1 July 2020	4,211,509
Decreased in lease liability due to loss of control over subsidiaries	(2,165,115)
Lease arrangements terminated during the period	(239,708)
Interest expense and cash payments	(346,706)
Balance at 31 December 2020	1,459,980

Lease	Location	Term	Termination date	Interest rate
Head office	Sydney CBD	From 14 November 2018 to 30 June 2022	On-going	5%
Shop	Sydney, Pyrmont	From 1 April 2020 to 31 March 2025	11 December 2020 (date of VA)	5%
Shop	Melbourne	From 15 March 2016 to 14 March 2022	11 December 2020 (date of VA)	5%
Shop	Gold Coast	From 7 August 2019 to 6 August 2025	11 December 2020 (date of VA)	5%
Shop	Sydney, George St.	From 1 September 2018 to 31 August 2021	16 September 2020	5%
Shop	Sydney, George St.	From 15 November 2018 to 14 November 2023	30 September 2020	5%
Shop	Sydney, Castlereagh St.	From 1 July 2019 to 30 June 2024	On-going	5%
Shop	New Zealand	From 1 November 2018 to 31 October 2024	On-going	5%
Warehouse	Sydney, Clyde	From 13 August 2014 to 12 August 2020	12 August 2020 (per term)	5%

Note 14. CONTINGENT LIABILITIES

The Company had no contingent liabilities as at 31 December 2020 and 30 June 2020.

Note 15. AFTER BALANCE DATE EVENTS

The Company has commissioned an Independent Expert Report with respect to the proposed Hamilton Hotel Acquisition ("proposed transaction"). This report is expected to be completed shortly and will be made available to minority shareholders who will be required to vote on proceeding with the proposed transaction. The General Meeting where this vote will take place is expected to occur in April 2021.

Other than the above, no matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Mediland Pharm Limited
Directors' declaration
For the half year ended 31 December 2020

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standards AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

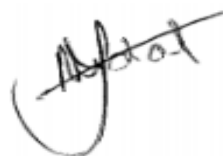
Signed in accordance with a resolution of the directors made pursuant to section 303(5) of the *Corporations Act 2001*.

On behalf of the directors



Dr. Peter French
Chairman

26 February 2021
Sydney



Yeshween Mudaliar
Managing Director

26 February 2021
Sydney

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Mediland Pharm Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Mediland Pharm Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, 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 half-year ended on that date, a summary of statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company 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 (including Independence Standards)* (the Code) that are relevant to the audit of the annual 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 Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'Gillian Shea', written over a horizontal line.

Gillian Shea
Director

Sydney, 26 February 2021