

ASX Announcement

Quarterly Activities Report and Appendix 4C for September 2021

- **Despite the lockdown in NZ, Q1 of FY 2022 reported almost two thirds of expected revenue from Hamilton Hotel**
- **Company terminated last of its lease arrangements to free itself from future draining of cash**
- **Rigorous efforts to control operational costs also assisted to offset the pandemic-related loss of retail revenue**
- **New business development opportunities are being pursued to address the current challenges**

The Directors of **Mediland Pharm Limited** ("**Mediland**" or the "**Company**") are pleased to provide an update on its quarterly results for the period ended 30 September 2021. A copy of the Appendix 4C -Quarterly Cash Flow Report for the Quarter is attached.

The Company's total cash position at 30 September was \$2.4m, down by \$893k from the previous quarter.

The Heartland Ambassador Hamilton Hotel started trading the new financial year on a positive note with occupancy over 85% and total revenue over \$200k for the month of July. The hotel exceeded total revenue by over \$49K when compared to the same period last year. Despite NZ being in lockdown for most of the current quarter, revenue was only \$30k lower than for the previous quarter.

The hotel's profitability in the previous and current quarters further demonstrates its viability and capability to off-set the pandemic's adverse impact on the Company.

Overall operational costs increased as a result of the Hotel operations, in line with management's expectations. Payment made to Ixora Investments Pty Limited (related party) for the purchase of the Hotel (total \$300k) was classified as cash outflows from investing activities.

The administration and corporate costs for the quarter include \$38k in payment of Non-executive Directors fees and Executive Director's remuneration.

All other head office costs and remaining retail business costs declined or were significantly lower compared to previous periods as a result of the exit of the retail subsidiaries from the Group.

The Company has now exited its last remaining leases. With early termination of these leases, it is anticipated that cash outflows on unproductive assets can be eliminated in subsequent reporting periods. The early termination of lease arrangements has resulted in the substantial increase in cash flows used in operating activities. The total amount settled for lease arrangements were approximately \$531k.

Management remains open to once again playing an active role in the “health and well-being” sector in the inbound Chinese tourist retail market as and when the tourism industry returns to some form of normality. With news of international borders opening, the Company is hopeful that it can return to its core business in the foreseeable future. In the meantime, the Board and Management Company is actively exploring other potential revenue generating options to diversify the Company’s revenue streams beyond retail and to focus on building shareholder value through business development and growth opportunities for the Group.

The Board and Management are appreciative of the ongoing support of our shareholders during these challenging times.

Authorised for release 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 currently operates a Hotel in Hamilton New Zealand whilst its retail operations remain suspended temporarily. The Company is focused on business development and growth opportunities in the Hospitality sector and continues to explore and identify strategic business assets to diversify Group’s revenue.

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 September 2021

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	558	558
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	117	117
(c) advertising and marketing	(9)	(9)
(d) leased assets	(2)	(2)
(e) staff costs	(194)	(194)
(f) administration and corporate costs	(476)	(476)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	(20)	(20)
1.6 Income taxes paid	(126)	(126)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	(531)	(531)
1.9 Net cash from / (used in) operating activities	(681)	(681)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	(300)	(300)
(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	(300)	(300)

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	55	55
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Lease payment	-	-
3.10	Net cash from / (used in) financing activities	55	55

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,391	3,391
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(681)	(681)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(300)	(300)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	55	55

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(2)	(2)
4.6	Cash and cash equivalents at end of period	2,463	2,463

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	2,463	3,391
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)	2,463	3,391

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	38
6.2	Aggregate amount of payments to related parties and their associates included in item 2	300
<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	2,956	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	2,956	-
7.5	Unused financing facilities available at quarter end		329
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)	(681)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,463
8.3	Unused finance facilities available at quarter end (item 7.5)	329
8.4	Total available funding (item 8.2 + item 8.3)	2,792
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	4.10
<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:

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.

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:29 October 2021.....

Authorised by:Board of Mediland Pharm Limited.....
(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.