



MEDLAB CLINICAL LIMITED

ABN: 51 169 149 071

**APPENDIX 4D (RULE 4.2A3)
HALF-YEAR REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2015**

RESULTS FOR ANNOUNCEMENT TO THE MARKET

CURRENT REPORTING PERIOD:
PREVIOUS CORRESPONDING PERIOD:

Half-Year Ended 31 December 2015
17 April 2014 to 31 December 2014

KEY INFORMATION	Amount \$	Up/Down	Movement
Revenue from ordinary activities	1,157,854	up	95.3%
(Loss) from ordinary activities after tax attributable to members	(1,788,792)	down	0.8%
Net (loss) attributable to members	(1,788,792)	down	0.8%

No dividends have been proposed during the period

	31 December 2015 \$	31 December 2014 \$
Net tangible assets per security	0.024	0.018

This report should be read in conjunction with the consolidated financial report of Medlab Clinical Limited for the half-year ended 31 December 2015 which were subject to a review by ESV Accounting and Business Advisors. The review report is attached part of the Interim Report.



Sean Hall
Managing Director
Dated this 11th day of February 2016



MEDLAB CLINICAL LIMITED
ABN: 51 169 149 071

**HALF YEAR REPORT FOR THE PERIOD
ENDED 31 DECEMBER 2015**

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DIRECTORS' REPORT

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 half-year ended 31 December 2015.

Directors

The following persons were directors of the company during the period 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 \$1,788,792 (period from 17 April 2014 to 31 December 2014: \$1,803,457)

At period end, the economic entity had total assets of \$4,903,603 and total liabilities of \$1,077,316.

Since the end of financial year, Medlab has continued to further its research programmes with a particular focus on the application of the Company's patent pending Nanocelle™ small particle delivery system. At the same time the Company has expanded its distribution and increased its nutraceutical products range. Since July 2015, the Company's product range has increased to 13 products, with another 10 expected by 30 June 2016.

Significant Changes in the State of Affairs.

During the financial half-year, Medlab Clinical Limited (ASX: MDC) was admitted to the Official List of ASX Limited on Monday 13 July 2015. The official quotation of 72,062,953 fully paid ordinary shares was on Tuesday 14 July 2015.

In accordance with the agreement executed with Shaw and Partners Limited, following the successful completion of the IPO, unquoted options were issued under the following key conditions:

- No of Options = 1,541,725
- Granted on 10 July 2015
- Options cannot be exercised until 10 July 2018
- Options expire on 30 June 2020
- Exercise price of \$0.30

As approved at the 2015 AGM, management options were issued as follows:

- No of Options = 1,000,000
- Granted on 2 November 2015
- Options cannot be exercised until 30 June 2017
- Options expire on 30 June 2019
- Exercise price of \$0.30

The following shares were released from escrow:

- On 19 August 2015: 3,750,000 ordinary shares
- On 21 August 2015: 750,000 ordinary shares
- On 25 August 2015: 750,000 ordinary shares
- On 27 August 2015: 750,000 ordinary shares
- On 9 September 2015: 750,000 ordinary shares
- On 15 September 2015: 750,000 ordinary shares
- On 15 October 2015: 750,000 ordinary shares

After Balance Date Events

No matters or circumstances have arisen since 31 December 2015 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.

Auditor's Independence Declaration

The lead auditor's independence declaration for the half-year ended 31 December 2015 has been received and can be found on page 5 of the financial report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Board of Directors.

A stylized, handwritten signature in dark ink, consisting of a large, sweeping loop followed by a horizontal line extending to the right.

S Hall
Director

A stylized, handwritten signature in dark ink, featuring a large, circular loop with a horizontal line extending to the right.

D Townsend
Director

Dated this 11th day of February 2016



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 review of Medlab Clinical Limited and its Controlled Entities for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

Dated at Sydney the *11th* day of February 2016

A handwritten signature in blue ink, appearing to read 'Tim Valtwies', written over the printed name.

ESV Accounting and Business Advisors

A handwritten signature in blue ink, appearing to read 'Tim Valtwies', written over the printed name.

Tim Valtwies
Partner

**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Notes	Consolidated	
		31 December 2015	For the period 17 April 2014 to 31 December 2014
		\$	\$
Revenue	3	1,157,854	592,920
Changes in inventories		247,671	-
Raw materials and consumables used		(526,879)	(16,127)
Employee benefits expense		(1,263,658)	(1,092,206)
Depreciation and amortisation expense		(57,147)	(59,692)
Professional and consulting fees		(358,621)	(119,370)
Operating lease costs		(118,600)	(34,053)
Finance costs		(10,238)	(2,344)
Selling & marketing expenses		(106,032)	(101,809)
Other expenses	4	(753,142)	(970,776)
Loss before income tax		(1,788,792)	(1,803,457)
Income tax expense		-	-
Net loss for the period		(1,788,792)	(1,803,457)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Foreign currency translation		2,459	(42,043)
Other comprehensive loss for the year, net of tax		2,459	(42,043)
Total comprehensive loss for the year		(1,786,333)	(1,845,500)
Net loss attributable to:			
Members of the parent entity		(1,682,158)	(1,613,735)
Non-controlling interest		(106,634)	(189,722)
		(1,788,792)	(1,803,457)
Total comprehensive loss attributable to:			
Members of the parent entity		(1,680,689)	(1,638,961)
Non-controlling interest		(105,644)	(206,539)
		(1,786,333)	(1,845,500)
Earnings per share			
Basic earnings per share	6	(1.41)	(4.25)
Diluted earnings per share	6	(1.41)	(4.25)

The accompanying notes form part of these financial statements

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015**

	Consolidated	
	31 December 2015 \$	30 June 2015 \$
ASSETS		
Current Assets		
Cash and cash equivalents	3,029,822	115,815
Trade and other receivables	566,239	841,434
Inventories	633,979	386,308
Other assets	161,909	387,873
Total Current Assets	4,391,949	1,731,430
Non-Current Assets		
Property, plant and equipment	511,654	540,643
Total Non-Current Assets	511,654	540,643
TOTAL ASSETS	4,903,603	2,272,073
LIABILITIES		
Current Liabilities		
Trade and other payables	663,032	891,932
Employee benefits	119,653	80,658
Borrowings	-	755,265
Total Current Liabilities	782,685	1,727,855
Non-Current Liabilities		
Provisions	32,500	27,500
Other liabilities	12,816	14,341
Borrowings	249,315	245,606
Total Non-Current Liabilities	294,631	287,447
TOTAL LIABILITIES	1,077,316	2,015,302
NET ASSETS	3,826,287	256,771
EQUITY		
Issued capital	5 10,611,410	5,252,374
Reserves	62,232	63,950
Accumulated losses	(6,314,337)	(4,632,179)
Equity attributable to the owners of Medlab Clinical Limited	4,359,305	684,145
Outside equity interest	(533,018)	(427,374)
TOTAL EQUITY	3,826,287	256,771

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

Consolidated Group

	Issued Capital	Accumulated Losses Attributable to members of the parent company	Reserves	Attributable to owners of the parent	Non- Controlling Interests	Total
	\$	\$	\$	\$	\$	\$
Consolidated Group						
Balance at 17 April 2014	2,252,374	(1,079,337)	-	1,173,037	(40,996)	1,132,041
Loss after income tax for the period		(1,613,735)		(1,613,735)	(189,722)	(1,803,457)
Other comprehensive income for the period, net of tax			46,363	46,363	(16,817)	29,546
Total comprehensive income for the period	2,252,374	(2,693,072)	46,363	(394,335)	(247,535)	(641,870)
Transactions with owners in their capacity as owners:						
Shares issued	3,000,000			3,000,000		3,000,000
Dividends paid		-				-
Balance at 31 December 2014	5,252,374	(2,693,072)	46,363	2,605,665	(247,535)	2,358,130
	Issued Capital	Accumulated Losses Attributable to members of the parent company	Reserves	Attributable to owners of the parent	Non- Controlling Interests	Total
	\$	\$	\$	\$	\$	\$
Consolidated Group						
Balance at 30 June 2015	5,252,374	(4,632,179)	63,950	684,145	(427,374)	256,771
Loss after income tax for the period		(1,682,158)	-	(1,682,158)	(106,634)	(1,788,792)
Other comprehensive income for the period, net of tax			(1,718)	(1,718)	990	(728)
Total comprehensive income for the period	-	(1,682,158)	(1,718)	(1,683,876)	(105,644)	(1,789,520)
Transactions with owners in their capacity as owners:						
Shares issued (net)	5,359,036			5,359,036		5,359,036
Dividends paid	-					-
Balance at 31 December 2015	10,611,410	(6,314,337)	62,232	4,359,305	(533,018)	3,826,287

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Consolidated	
	31 December 2015 \$	For the period 17 April 2014 to 31 December 2014 \$
Cash Flows from Operating Activities		
Receipts from customers	619,688	115,936
Receipts from R&D Tax refund	839,191	-
Payments to suppliers and employees	(3,216,779)	(2,320,153)
Finance costs	(6,529)	(2,634)
Interest received	30,729	12,204
Net (used) from operating activities	(1,733,700)	(2,194,647)
Cash flows from Investing Activities		
Loans to other parties		(3,429)
Purchase of plant and equipment	(26,644)	(233,892)
Net cash (used in) investing activities	(26,644)	(237,321)
Cash flows from Financing Activities		
Proceeds from borrowings	-	198,526
Repayment of borrowings from directors	(755,005)	-
Proceeds from issue of shares	6,166,900	3,000,000
Capital raising costs	(731,039)	-
Net cash from financing activities	4,680,856	3,198,526
Net decrease in cash held	2,920,512	766,558
Cash and cash equivalents at beginning of financial year	115,815	322,732
Exchange rate adjustments	(6,505)	(9,477)
Cash and cash equivalents at end of the financial half-year	3,029,822	1,079,813

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

The consolidated financial statements and notes represent those of Medlab Clinical Ltd 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.

The Financial Statements were authorised for issue by the Directors on 11 February 2016.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the interim half-year reporting period ended 31 December 2015 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

NOTE 2 – SEGMENT REPORTING

Identification of reportable operating segments

The consolidated entity identifies its operating segments based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers) in assessing performance and in determining the allocation of resources. For the half-year ending 31 December 2015, the financial information presented in both the Statement of Profit or Loss and other Comprehensive Income and Statement of Financial Position is the same as that presented to the Chief Operating Decision Makers.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

NOTE 3 – REVENUE

	Consolidated	
	31 December 2015 \$	For the period 17 April 2014 to 31 December 2014 \$
Sales revenue:		
- Sale of goods	532,540	28,112
- Rendering of R&D services & consultation	130,401	69,262
	662,941	97,374
Other revenue:		
- Interest received	32,757	12,204
- R&D tax incentive	461,192	483,342
- Other income	964	-
	494,913	495,546
Total revenue	1,157,854	592,920

NOTE 4 – OTHER EXPENSES

	Consolidated	
	31 December 2015 \$	For the period 17 April 2014 to 31 December 2014 \$
Other expenses includes the following specific expenses:		
Lab Consumables	34,808	46,350
Telephone and internet	43,134	71,199
Travel	138,581	102,679

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

NOTE 5 – ISSUED CAPITAL

	31 December 2015 Number	31 December 2015 \$
Ordinary shares – fully paid	160,834,500	10,611,410
	<u>160,834,500</u>	<u>10,611,410</u>

**Movements in ordinary share capital
Details**

	Date	No of shares	Issue Price \$	Amount \$
Balance	30 June 2015	130,000,000		5,252,374
Issue of shares - IPO	13 July 2015	<u>30,834,500</u>	0.20	<u>6,166,900</u>
Balance	30 June 2015	130,000,000		11,419,274
Costs of Capital Raising				<u>(807,864)</u>
				<u>10,611,410</u>

NOTE 6 – EARNINGS PER SHARE

	Consolidated	
	31 December 2015 \$	For the period 17 April 2014 to 31 December 2014 \$
Basic and diluted EPS – cents per share	(1.41)	(4.25)
Calculated as follows:		
Loss for the period	(1,788,792)	(1,803,457)
Weighted average number of shares for EPS	<u>127,042,535</u>	42,415,409

NOTE 7 – EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances have arisen since 31 December 2015 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.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 12;
 - a. Comply with the Corporations Act 2001, the Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
 - b. Give a true and fair view of the company's financial position as at 31 December 2015 and of its performance for the financial half-year ended on that date.
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.

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



S Hall
Director



D Townsend
Director

Dated this 11th day of February 2016



INDEPENDENT REVIEW REPORT TO THE DIRECTORS OF MEDLAB CLINICAL LIMITED AND ITS CONTROLLED ENTITIES

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Medlab Clinical Limited and its Controlled Entities ("the Group") which comprises of the statement of financial position as at 31 December 2015 and the statement of profit and loss and other comprehensive income, statement of changes in equity, statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration.

Directors' Responsibility for the Financial Report

The Directors of Medlab Clinical Limited 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

Our responsibility is to express a conclusion on the half-year financial report based on our review. We have conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the 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 2015 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

LEVEL 18, CITY CENTRE
55 MARKET STREET
SYDNEY NSW 2000
ESVGROUP.COM.AU

TELEPHONE: +61 2 9283 1866
FACSIMILE: +61 2 9283 1866
ADMIN@ESVGROUP.COM.AU

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INDEPENDENT REVIEW REPORT TO THE DIRECTORS OF MEDLAB CLINICAL LIMITED AND ITS CONTROLLED ENTITIES

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. 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 review report.

Conclusion

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

- (a) giving a true and fair view of the financial position of the Group as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Dated at Sydney the 11th day of February 2016

ESV Accounting and Business Advisors

Tim Valtwies
Partner