



09 January 2024

Company Announcements Office
Australian Securities Exchange
Exchange Centre
20 Bridge Street
Sydney, NSW 2000

HALF-YEAR RESULTS December 2022 (HY23)

Medlab Clinical (ASX: MDC, Medlab, the Company), has today released its Financial Results for the half-year ended 31 December 2022.

Please find attached Appendix 4D and Audited Interim Financial Results for the half-year ended December 2022.

-ENDS-

Authorisation & Additional information

This announcement was authorised by the Board of Directors of Medlab Clinical Limited.

1. Company details

Name of entity:	Medlab Clinical Limited
ABN:	51 169 149 071
Reporting period:	For the half-year ended 31 December 2022
Previous period:	For the half-year ended 31 December 2021

2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	80.1% to	590,779
Revenue from continuing operations	up	29.0% to	561,015
Loss from ordinary activities after tax attributable to the owners of Medlab Clinical Limited	up	57.6% to	(4,816,024)
Loss for the half-year attributable to the owners of Medlab Clinical Limited	up	57.6% to	(4,816,024)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to \$4,816,024 (31 December 2021: \$3,054,952).

The loss for the half-year ended 31 December 2021, includes a net gain of \$1,195,816 arising from the disposal of the Australian nutraceutical business.

Reference is made to the *Review of Operations* in the Directors' Report contained in the attached Interim Financial Report for Medlab Clinical Limited for the half-year ended 31 December 2022.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>128.25</u>	<u>341.62</u>

On 5 August 2022, the company completed a share consolidation at the ratio of 150 fully paid ordinary shares into 1 fully paid ordinary share. The number of ordinary shares used to calculate the net tangible assets per ordinary share at 30 June 2022, has been adjusted for the effect of the share consolidation.

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. Attachments

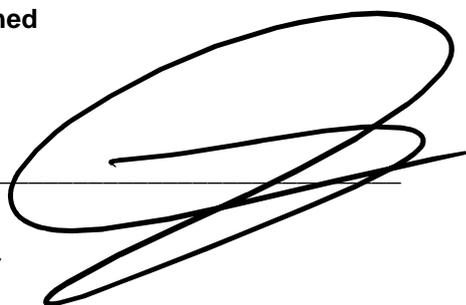
Details of attachments (if any):

The Interim Report of Medlab Clinical Limited for the half-year ended 31 December 2022 is attached.

12. Signed

Signed _____

S Hall
Director
Sydney



Date: 04 January 2024

Medlab Clinical Limited

ABN 51 169 149 071

Interim Report - 31 December 2022

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Medlab Clinical Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

Directors

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

Michael Hall (Chairman – resigned 06 March 2023)
Sean Hall (Managing Director and Chief Executive Officer)
Drew Townsend (Non-Executive Director – resigned 26 February 2023)
Cheryl Maley (Non-Executive Director – resigned 26 February 2023)
Mohit Gupta (Non-Executive Director - appointed 05 August 2022, resigned 13 March 2023)
Laurence McAllister (Non-Executive Director - resigned 31 August 2022)

The following persons were directors of Medlab Clinical Limited post financial half-year and up the date of this report:

Sean Hall (Chairman from 06 March 2023 and Chief Executive Officer on part-time contractual basis from 01 Sept 2023)
Matthew Hudson (Non-Executive Director – appointed 06 March 2023)
Michael Carter (Non-Executive Director – appointed 13 March 2023)

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity consisted of:

- The continued research and development of NanaBis™ via clinical trials for drug approval
- The continued supply and use of the Australian Special Access Scheme for NanaBis™ and other Cannabis related products (NanoCBD™)
- The continued development of Medlab's proprietary delivery platform, NanoCelle®
- The continued partnering discussions for commercial licencing of Medlab's proprietary delivery platform, NanoCelle®
- The development and commercialisation of export markets for various, 'ready to sell' nutraceutical products

Important Note – Company has ceased operations and has been in caretaker mode since 27 February 2023:

As per the Quarterly Activities update released to the market on 20 January 2023, the company was advised that market timing for the proposed US Nasdaq IPO was not optimal, and the decision was made to delay the US IPO. The company had previously announced that several pre-set conditions had been satisfied and the Board is confident of a successful IPO if the decision is made to continue the process in the second half of this calendar year.

As of 27 February 2023, the Company entered into trading suspension on the ASX. On 03 March 2023, nearly 80% of permanent staff were terminated, and the Company ceased to operate as an R&D Company. From this point, the Company appointed Hall Chadwick to help restructure the Company while minimal staff remained to help manage the Company in a Care and Maintenance capacity.

The Company ceased trading in its normal activities and operations from 27 February 2023 but did not enter into any voluntary administration or insolvency. The Company had sufficient cash to payout staff as well as statutory obligations. Once the R&D grant, for 2022-23 financial year, was receipted, the Company had the ability to pay out the significant creditors (on a compromised reduced basis).

The consolidated entity incurred a loss after tax from continuing operations and a profit from discontinued operations as set out below:

	31 Dec 2022	31 Dec 2021
	\$	\$
Loss after income tax expense from continuing operations	(4,854,743)	(4,244,349)
Profit after income tax expense from discontinued operations	-	1,159,638
	<u>(4,854,743)</u>	<u>(3,084,711)</u>
Loss after income tax expense for the year	<u>(4,854,743)</u>	<u>(3,084,711)</u>

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to \$4,816,024 (31 December 2021: \$3,054,952), an increase of 57.6% over the corresponding period last year. The corresponding period included a \$1,195,816 gain on disposal of the Australian nutraceuticals business.

Total revenue decreased 20.1% to \$2,423,663 over the corresponding period last year. The corresponding period included revenue generated from the discontinued nutraceutical operation and the gain of its disposal. For the half year ending 31 December 2022, revenue from continuing operations increased 29.0% to \$561,015.

Financial position

At period end, the consolidated entity had total assets of \$6,485,593 (30 Jun 2022: \$11,366,603) and total liabilities of \$3,607,495 (30 Jun 2022: \$3,617,466).

Issued capital as of 31 December 2022 is \$66,811,113 with 2,283,502 shares on issue post consolidation.

Medlab held a cash balance of \$2,756,644 as of 31 December 2022. The company has continued to improve the cash burn rate during H1 2023.

As referred to in note 1 (Going Concern), the ability of the consolidated entity to continue as a going concern is principally dependent upon the company raising additional capital or securing other forms of financing, as and when necessary to meet the levels of expenditure required for the consolidated entity to continue to meet the consolidated entity's working capital requirements.

The company has also commenced a significant cost reduction program, in minimising fixed costs and other non-priority operating expenditure from the business.

Research & Development:

Expected spend on R&D to 31 December 2022 YTD \$A 4.3M, with R&D Grant \$A 1.8M for the first six months of 2023 financial year. This was the amount that was accrued as of 31 December 2022. Subsequently, R&D Grant amount received for YTD March 2023 (9 months) was \$2.7M. This amount was received on 22 August 2023.

It is expected there will be no more future R&D activities, since the Company ceased to continue such activities and operations hence, the Company is not expecting to receive any further R&D Grant cash receipts.

Significant changes in the state of affairs

On 5 August 2022, the company completed the consolidation of its share capital on a 150 to 1 basis. The consolidation was approved by the company's shareholders at an extraordinary meeting of shareholders held on 28 July 2022.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

Material business risks

The main risk for the Company is the going concern matter, as the capacity for the Company to raise adequate capital to continue to fund operations, was not successful and did not eventuate.

To this end, the Company decided to suspense trading on the ASX, and the operations were discontinued. The Company entered into an agreement with Hall Chadwick, to act as consultants, to support the Company through a corporate restructuring process.

The Company (as announced to the market), has issued a notice of extraordinary meeting, for shareholders to vote on future position of the Company. Further details provided in the subsequent events paragraph.

Matters subsequent to the end of the financial half-year

Significant circumstances have arisen since 31 December 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Company is still a going concern, to the extent there is sufficient cash to repay outstanding creditors (via compromise payments) and all staff and statutory commitments have been met (terminations, superannuation, PAYG withholding and GST).

Financials related change of events, post 31 December 2022:

Assets

Trade Receivables - Carrying amount as of 31 December 2022 was \$125,883

- Significant number of receivables paid balances owing, with current receivables at \$2,255

Other Receivables - Carrying amount as of 31 December 2022 was \$2,084,067, this was made up of,

- R&D tax incentive of \$1,722,999. In August 2023, \$2,735,000 (for 9 months to March 2023) of R&D tax incentive was receipted in the Company's bank
- A second and final deferred consideration payment of \$250,000, of which discounted value of \$235,185 was recorded. The actual payment that was receipted from PharmaCare Pty Ltd was \$240,000 (as an earlier cash receipt) from the expected November 2023 timing. The earlier receipt was reciprocated with a \$10,000 reduction on the amount owing

Inventories – Carrying amount as of 31 December 2022 was \$56,774

- Inventory was sold to KSJ Pharmatech Pty Ltd as part of a licencing arrangement, whereby KSJ licence the NanaBis and NanoCBD Special Access Scheme (SAS). The Company no longer operates SAS or compassionate programs and consequently carries no inventory

Property, Plant and Equipment – Carrying net written down value amount as of 31 December 2022 was \$233,841

- Prior to 30 June 2023, all fixed assets were realised, via sales to staff and external parties, or disposed of. All amounts written down were expensed to depreciation. The Company no longer carries any fixed assets

Right of Use Assets – Carrying value as of 31 December 2022 was \$771,624

- Prior to 30 June 2023, the Company managed to exit the Botany and US office premises, all right of use lease assets written down to NIL as of 30 June 2023.

Other Non-Current Assets - Carrying value as of 31 December 2022 was \$412,625

- Botany lease bond (6 months) was paid to the Landlord (Dexus) as a key part of the negotiation to exit the lease, which had one year remaining. The amount was \$360,000 for the lease bond
- The \$52,625 bonds were related bank credit cards, and these were receipted once credit cards were closed

Other Assets – Prepayments

- Current prepayments - \$170,018 as of 31 December 2022, were expensed in second half of 2023 financial year
- The Company no longer carries any prepayments

Liabilities

Current Liabilities

Trade payables, value as of 31 Dec 2022 were \$587,733

- Most of this has been paid since 31 December 2022. The only material subsequent unrecorded creditors relating to pre-Dec 2022, excluding accruals, was an IPO related invoice from Legal. This expense was for the support for SEC US application. The amount was \$147,870, and the invoice was received in February 2023. The Company offered to pay the debt with a compromised amount of \$88,000, which was accepted. This was paid in September 2023

Accrued expenses, value as of 31 December 2022 were \$1,105,269

- Director related accruals of \$525,984 as of 31 December 2022, were paid on a compromised basis. The final debt paid to Hall Chadwick was \$360,000, with the difference credited to director expenses in P&L. This payment was made in October 2023
- There were also US IPO related professional legal fees that were accrued as of 31 December 2022 with an amount of \$550,000. The Company offered a compromised debt payment of \$327,897, which was accepted. Payment was made in August 2023

Lease Liabilities

- Current lease liabilities, with a carrying amount of \$546,302 as of 31 December 2022, were reversed to the P&L before 30 June 2023. This was the result of remaining leases at both Botany and US office were terminated in May 2023
- Non-Current lease liabilities, with a carrying amount of \$275,789 as of 31 December 2022, were reversed to the P&L before 30 June 2023. This was the result of remaining leases at both Botany and US office were terminated in May 2023

Employee Benefits

- On the 31 December 2022 carrying amounts of current employee benefits of \$417,294 and \$129,823 have all been paid out. The significant portion of employee benefit liabilities were paid to staff in March 2023
- As of today, the Company no longer employs any staff. There are no employee benefits as liabilities recorded in the balance sheet

Current Position

Once remaining nominal liabilities are paid and compliance costs catered for, there will be a cash surplus of circa \$100,000 in the business. This would represent net assets of the Company

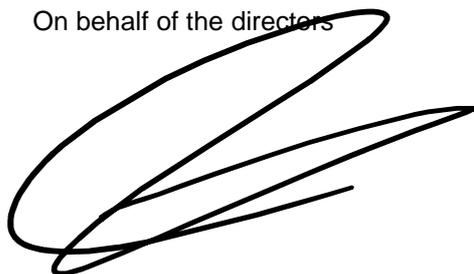
There are no legal claims or litigation

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 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



S Hall
Director

04 January 2024



M Carter
Director

04 January 2024

ESV

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 as at 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor's independence requirements as set out in 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 on the 5th of January 2024



ESV Business Advice and Accounting



Tim Valtwies
Partner

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General information

The financial statements cover Medlab Clinical Limited as a consolidated entity consisting of Medlab Clinical Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Medlab Clinical Limited's functional and presentation currency.

Medlab Clinical Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Unit 5
11 Lord Street
Botany
NSW 2019

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 4 January 2024.

Medlab Clinical Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022



	Note	31 Dec 2022 \$	31 Dec 2021 \$
Revenue from continuing operations	3	561,015	434,889
Other income	4	1,832,884	2,585,752
Interest revenue		29,764	14,802
Total revenue		<u>2,423,663</u>	<u>3,035,443</u>
Expenses			
Raw materials and consumables used		(34,271)	(118,278)
Employee benefits expense		(2,740,605)	(3,643,103)
Depreciation and amortisation expense		(440,991)	(423,260)
Operating leases		(124,966)	(99,052)
Professional and consulting fees		(1,496,203)	(1,051,615)
R&D/trial expenses		(1,136,154)	(566,991)
Selling and marketing		(62,979)	(129,166)
Other expenses	5	(1,221,354)	(1,189,305)
Finance costs		(20,883)	(59,022)
Total expenses		<u>(7,278,406)</u>	<u>(7,279,792)</u>
Loss before income tax expense from continuing operations		(4,854,743)	(4,244,349)
Income tax expense		-	-
Loss after income tax expense from continuing operations		(4,854,743)	(4,244,349)
Profit after income tax expense from discontinued operations	6	-	1,159,638
Loss after income tax expense for the half-year		(4,854,743)	(3,084,711)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(16,296)	(7,590)
Other comprehensive income for the half-year, net of tax		(16,296)	(7,590)
Total comprehensive income for the half-year		<u>(4,871,039)</u>	<u>(3,092,301)</u>
Loss for the half-year is attributable to:			
Non-controlling interest		(38,719)	(29,759)
Owners of Medlab Clinical Limited		(4,816,024)	(3,054,952)
		<u>(4,854,743)</u>	<u>(3,084,711)</u>
Total comprehensive income for the half-year is attributable to:			
Continuing operations		(44,371)	(38,795)
Discontinued operations		-	-
Non-controlling interest		(44,371)	(38,795)
Continuing operations		(4,826,668)	(4,213,144)
Discontinued operations		-	1,159,638
Owners of Medlab Clinical Limited		(4,826,668)	(3,053,506)
		<u>(4,871,039)</u>	<u>(3,092,301)</u>

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

Medlab Clinical Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022



31 Dec 2022 31 Dec 2021

		Cents	Cents
Earnings per share for loss from continuing operations attributable to the owners of Medlab Clinical Limited			
Basic earnings per share	18	(212.60)	(184.76)
Diluted earnings per share	18	(212.60)	(184.76)
Earnings per share for profit from discontinued operations attributable to the owners of Medlab Clinical Limited			
Basic earnings per share	18	-	50.84
Diluted earnings per share	18	-	50.84
Earnings per share for loss attributable to the owners of Medlab Clinical Limited			
Basic earnings per share	18	(210.91)	(133.92)
Diluted earnings per share	18	(210.91)	(133.92)

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

Medlab Clinical Limited
Consolidated statement of financial position
As at 31 December 2022



	Note	31 Dec 2022 \$	30 Jun 2022 \$
Assets			
Current assets			
Cash and cash equivalents	7	2,756,644	5,191,031
Trade and other receivables	8	2,084,067	3,868,593
Inventories		56,774	80,107
Other	9	170,018	102,268
Total current assets		<u>5,067,503</u>	<u>9,241,999</u>
Non-current assets			
Trade and other receivables	8	-	226,267
Property, plant and equipment	10	233,841	344,306
Right-of-use assets	11	771,624	1,071,090
Other	9	412,625	482,941
Total non-current assets		<u>1,418,090</u>	<u>2,124,604</u>
Total assets		<u>6,485,593</u>	<u>11,366,603</u>
Liabilities			
Current liabilities			
Trade and other payables	12	1,932,865	1,461,954
Lease liabilities	13	546,302	568,233
Employee benefits		417,294	541,081
Provisions		305,422	305,422
Total current liabilities		<u>3,201,883</u>	<u>2,876,690</u>
Non-current liabilities			
Lease liabilities	13	275,789	554,560
Employee benefits		129,823	186,216
Total non-current liabilities		<u>405,612</u>	<u>740,776</u>
Total liabilities		<u>3,607,495</u>	<u>3,617,466</u>
Net assets		<u>2,878,098</u>	<u>7,749,137</u>
Equity			
Issued capital	14	66,811,113	66,811,113
Reserves	15	788,399	799,043
Accumulated losses		(64,345,117)	(59,529,093)
Equity attributable to the owners of Medlab Clinical Limited		3,254,395	8,081,063
Non-controlling interest		(376,297)	(331,926)
Total equity		<u>2,878,098</u>	<u>7,749,137</u>

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

Medlab Clinical Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2022



	Issued capital \$	Reserves \$	Accumulated losses \$	Non- controlling interest \$	Total equity \$
Balance at 1 July 2021	66,811,113	699,956	(52,366,660)	(238,556)	14,905,853
Loss after income tax expense for the half-year	-	-	(3,054,952)	(29,759)	(3,084,711)
Other comprehensive income for the half-year, net of tax	-	1,446	-	(9,036)	(7,590)
Total comprehensive income for the half-year	-	1,446	(3,054,952)	(38,795)	(3,092,301)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments	-	77,367	-	-	77,367
Balance at 31 December 2021	<u>66,811,113</u>	<u>778,769</u>	<u>(55,421,612)</u>	<u>(277,351)</u>	<u>11,890,919</u>
	Issued capital \$	Reserves \$	Accumulated losses \$	Non- controlling interest \$	Total equity \$
Balance at 1 July 2022	66,811,113	799,043	(59,529,093)	(331,926)	7,749,137
Loss after income tax expense for the half-year	-	-	(4,816,024)	(38,719)	(4,854,743)
Other comprehensive income for the half-year, net of tax	-	(10,644)	-	(5,652)	(16,296)
Total comprehensive income for the half-year	-	(10,644)	(4,816,024)	(44,371)	(4,871,039)
Balance at 31 December 2022	<u>66,811,113</u>	<u>788,399</u>	<u>(64,345,117)</u>	<u>(376,297)</u>	<u>2,878,098</u>

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

Medlab Clinical Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2022



	Note	31 Dec 2022 \$	31 Dec 2021 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		600,825	4,734,963
Payments to suppliers and employees (inclusive of GST)		<u>(6,646,193)</u>	<u>(11,406,921)</u>
		(6,045,368)	(6,671,958)
Interest received		29,764	14,802
Receipts from R&D Tax incentive and government grants		3,624,112	3,142,242
Interest and other finance costs paid		<u>(35,433)</u>	<u>(66,155)</u>
Net cash used in operating activities		<u>(2,426,925)</u>	<u>(3,581,069)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(28,299)	(17,512)
Payments for security deposits		-	(152)
Proceeds from licencing of Australian nutraceuticals business	6	250,000	1,775,910
Proceeds from release of security deposits		<u>70,316</u>	<u>-</u>
Net cash from investing activities		<u>292,017</u>	<u>1,758,246</u>
Cash flows from financing activities			
Repayment of borrowings		-	(67,834)
Repayment of lease liabilities		<u>(300,702)</u>	<u>(324,263)</u>
Net cash used in financing activities		<u>(300,702)</u>	<u>(392,097)</u>
Net decrease in cash and cash equivalents		(2,435,610)	(2,214,920)
Cash and cash equivalents at the beginning of the financial half-year		5,191,031	13,434,762
Effects of exchange rate changes on cash and cash equivalents		<u>1,223</u>	<u>-</u>
Cash and cash equivalents at the end of the financial half-year	7	<u><u>2,756,644</u></u>	<u><u>11,219,842</u></u>

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

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 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 2022 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 or amended Accounting Standards and Interpretations adopted

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

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

Going concern

For the half year ended 31 December 2022, the consolidated entity incurred a loss of \$4,854,743 (2021: \$3,084,711) after income tax and net cash outflows from operating activities of \$2,426,925 (2021: \$3,581,069). The loss reported for the comparative period included the gain on disposal of discontinued operation of \$1,195,816.

The ability of the consolidated entity to continue as a going concern is principally dependent upon the restructuring of the Company, post the IP release to Dr. Sean Hall (subject to shareholder vote), with the raising additional capital or securing other forms of financing, as and when necessary to meet the levels of expenditure required for the consolidated entity to continue to meet the consolidated entity's working capital requirements in a future re-purposed entity.

As detailed in the subsequent events in the directors' report, the first phase for the Company is to hold an EGM, for shareholders to vote on the Company transferring its IP and subsidiaries to Dr. Sean Hall.

In the second phase, the directors are planning to re-purpose the corporate ASX shell of the Company, once all subsidiaries are removed, with an additional capital raise to support future working capital, subsequent removal of ASX suspension and the resumption of trading.

These conditions give rise to a material uncertainty, which may cast significant doubt over the consolidated entity's ability to continue as a going concern.

Note 1. Significant accounting policies (continued)

The Directors have concluded that the going concern basis of preparation of the financial statements is appropriate and any uncertainty regarding going concern is mitigated by the following:

- As per the Quarterly Activities Update released to the market on 20 January 2023, the Company was advised that market timing for the proposed US Nasdaq IPO was not optimal, and the decision was made to delay the US IPO. Subsequently, after not successfully raising capital on the ASX, the Company has decided not to pursue overseas markets for future capital raising.
- The Company failed in its attempt to complete a capital raise via a private placement and a subsequent share purchase plan on the ASX. Nominal amounts of share capital were raised, but these cash amounts were receipted back to investors in light of the fact the capital raised was not sufficient to resource the Company's future product development program, clinical trials and working capital.
- The Board of Directors decided to enter the Company into a trading halt on 27 February 2023 due to the unsuccessful outcome of the capital raise.
- While in a solvent position, it was decided the current Board would resign (with the exception of Sean Hall) and be replaced by two independent non-executive directors.
- The majority of staff were terminated within a week of the trading suspension announcement, at a termination cost of \$0.8M. Minimal staff remained with the Company to help manage the care and maintenance while the Company entered into a restructuring program.
- On 06 March 2023, Hall Chadwick was engaged, to function as external consultants, to assist the Directors of the Company with an informal workout and restructure of the Company's financial affairs.
- The business and assets of the Company was advertised for sale, either via direct acquisition or via proposals from potential joint venture parties. This did not eventuate with any successful agreements, despite a large global interest.
- The Company will continue to manage cash flow during care and maintenance capacity to ensure there is sufficient cash for the Company to work out its future via Shareholder resolutions at the next formal Shareholder meeting.
- The Company will announce resolutions in two separate notices of meetings, to seek shareholder approvals:

- First EGM:

A notice of meeting has been announced to the market, whereby an extraordinary meeting is to take place, as a hybrid meeting, on 22nd December 2023, in Melbourne, Victoria. Shareholders have received two resolutions to vote on for the upcoming meeting.

The essence of the resolutions is for a share sale of the Medlab IP to Dr. Sean Hall (two subsidiaries), which will provide existing shareholders with an opportunity to receive future royalties if Sean Hall, or nominees, can commercialise the NanoCelle® IP and provide a return for existing shareholders.

Resolution 1:

"Disposal of the Company's interest in its subsidiaries, Medlab Clinical US Inc. and Medlab IP Pty Ltd, being the entities that hold all of the Company's intellectual property and therefore the main undertaking of the Company, by way of a share sale to Dr. Sean Hall (or his nominated entity)"

Resolution 2:

"Disposal of the Company's interest in its subsidiaries, Medlab Clinical US Inc. and Medlab IP Pty Ltd, to Dr. Sean Hall (or his nominated entity), a Director of the Company (related party)"

Note 1. Significant accounting policies (continued)

o Second and subsequent EGM:

The ASX corporate vehicle will be recapitalised with the introduction of a new business. Existing Medlab shareholders will hold shares in this new entity. This has not yet been announced to the market. It is dependent on a favourable outcome from the first EGM.

Based on the above, the Directors are of the opinion that at the date of signature of the financial report, there are reasonable and supportable grounds to believe that the consolidated entity will be able to meet its remaining nominal liabilities from its assets, while in care-taker mode during the informal restructuring and workout of its position, for a period of not less than 12 months from the date of this financial report and has accordingly prepared the financial report on a going concern basis.

Should the consolidated entity be unable to continue as a going concern, it may be required to realise its assets and liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amount and classification of liabilities that might be required should the consolidated entity not be able to continue as a going concern.

Note 2. Operating segments

Following the discontinuation of the Nutraceuticals business in the 30 June 2022 financial year, the consolidated entity only has one segment. Consequently, segment information has not been presented for 31 December 2022 half year.

Identification of reportable operating segments

The consolidated entity is organised into two operating segments based on pharmaceutical research and nutraceutical sales. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews EBITDA (earnings before interest, tax, depreciation, and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

The principal products and services of each of these operating segments are as follows:

Nutraceutical	The supply of Medlab's self-branded nutraceutical range, predominantly in Australia (now discontinued)
Pharmaceutical	Various research activities (depression and oncology) and the supply of cannabis-based medicines

Note 2. Operating segments (continued)

Operating segment information

31 Dec 2021	Nutraceutical \$	Pharmaceutical \$	Corporate/ Other \$	Total \$
Revenue				
Sales to external customers	3,014,795	382,985	-	3,397,780
Provision for sales returns, promotional costs and other rebates	(441,584)	-	-	(441,584)
Total sales revenue	<u>2,573,211</u>	<u>382,985</u>	<u>-</u>	<u>2,956,196</u>
Interest revenue	7,133	-	7,669	14,802
Total revenue	<u>2,580,344</u>	<u>382,985</u>	<u>7,669</u>	<u>2,970,998</u>
EBITDA	<u>(334,141)</u>	<u>(3,478,906)</u>	<u>-</u>	<u>(3,813,047)</u>
Depreciation and amortisation				(423,260)
Gain on disposal of discontinued operation				1,195,816
Interest revenue				14,802
Finance costs				(59,022)
Loss before income tax expense				<u>(3,084,711)</u>
Income tax expense				-
Loss after income tax expense				<u>(3,084,711)</u>

Note 3. Revenue

	31 Dec 2022 \$	31 Dec 2021 \$
From continuing operations		
Sale of goods (net discounts)	561,015	622,541
Sales returns	-	(187,652)
Revenue from continuing operations	<u><u>561,015</u></u>	<u><u>434,889</u></u>

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	31 Dec 2022 \$	31 Dec 2021 \$
<i>Major product lines</i>		
Nutraceutical	-	51,904
Pharmaceutical	561,015	382,985
	<u><u>561,015</u></u>	<u><u>434,889</u></u>
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	<u><u>561,015</u></u>	<u><u>434,889</u></u>

Note 3. Revenue (continued)

Included in the following table is a reconciliation of the disaggregated revenue with the consolidated entity's reportable segments for the 31 December 2021 half year (refer note 2). For the 31 December 2022 half year, the consolidated entity only had one reportable segment and consequently no reconciliation has been provided.

31 Dec 2021	Nutraceutical \$	Pharmaceutical \$	Total \$
<i>Continuing operations</i>			
Nutraceutical	51,904	-	51,904
Pharmaceutical	-	382,985	382,985
	<u>51,904</u>	<u>382,985</u>	<u>434,889</u>
<i>Discontinuing operations</i>			
Nutraceutical	<u>2,521,307</u>	-	<u>2,521,307</u>
Total segment revenue	<u><u>2,573,211</u></u>	<u><u>382,985</u></u>	<u><u>2,956,196</u></u>

Note 4. Other income

	31 Dec 2022 \$	31 Dec 2021 \$
Government grants	36,600	-
R&D tax incentive	1,794,056	2,583,707
Other	<u>2,228</u>	<u>2,045</u>
Other income	<u><u>1,832,884</u></u>	<u><u>2,585,752</u></u>

Note 5. Other expenses

Other expenses includes the following specific expenses:

	31 Dec 2022 \$	31 Dec 2021 \$
Educational and compliance	69,588	49,755
Insurance	109,087	131,087
Software licences	64,548	65,157
Telephone and Internet	28,766	29,292
Travel	183,770	36,564

Note 6. Discontinued operations

Description

On 19 October 2021, the company licenced its Australian nutraceutical business to PharmaCare Pty Ltd for a cash consideration of \$1,775,910. The principal assets that were sold comprised registered patents and trademarks, inventory, customer lists, and material contracts.

In terms of the sale agreement, the company is entitled to receive an earn-out of the greater of \$250,000 or 5% of net sales for each of the two successive years following completion. At the time of the sale, the fair value of the minimum additional cash consideration was determined to be \$445,816 and has been recognised as a deferred consideration receivable (refer note 8). Subsequent to recognition, the deferred consideration receivable is accounted for at amortised cost and at 31 December 2021, the receivable increased to \$452,949 as a result of the unwinding of the discount. The fair value of any contingent consideration above the minimum annual earn-out of \$250,000 has been assessed to have a nil fair value.

Note 6. Discontinued operations (continued)

Financial performance information

	31 Dec 2022	31 Dec 2021
	\$	\$
Sales of goods (net discounts)	-	2,775,239
Promotional costs and other rebates	-	(253,932)
Total revenue	<u>-</u>	<u>2,521,307</u>
Other income - Provision for expected credit losses on receivables - unused provision reversed	-	400,000
Raw materials and consumables used	-	(2,027,305)
Employee benefits expense	-	(724,969)
Selling and marketing	-	(152,366)
Other expenses	-	(52,845)
Total expenses	<u>-</u>	<u>(2,957,485)</u>
Loss before income tax expense	-	(36,178)
Income tax expense	<u>-</u>	<u>-</u>
Loss after income tax expense	<u>-</u>	<u>(36,178)</u>
Gain on disposal before income tax	-	1,195,816
Income tax expense	<u>-</u>	<u>-</u>
Gain on disposal after income tax expense	<u>-</u>	<u>1,195,816</u>
Profit after income tax expense from discontinued operations	<u><u>-</u></u>	<u><u>1,159,638</u></u>

Cash flow information

	31 Dec 2022	31 Dec 2021
	\$	\$
Net cash used in operating activities	-	(1,483,239)
Net cash from investing activities	-	-
Net cash from financing activities	<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents from discontinued operations	<u><u>-</u></u>	<u><u>(1,483,239)</u></u>

Carrying amount assets disposed

	31 Dec 2022	31 Dec 2021
	\$	\$
Inventory	<u>-</u>	<u>1,025,910</u>

Note 6. Discontinued operations (continued)

Details of the disposal

	31 Dec 2022 \$	31 Dec 2021 \$
Total sale consideration including fair value of earn out	-	2,221,726
Carrying amount of assets disposed	-	(1,025,910)
	<hr/>	<hr/>
Gain on disposal before income tax	-	1,195,816
Income tax expense	-	-
	<hr/>	<hr/>
Gain on disposal after income tax	<u>-</u>	<u>1,195,816</u>

Note 7. Cash and cash equivalents

	31 Dec 2022 \$	30 Jun 2022 \$
<i>Current assets</i>		
Cash at bank	<u>2,756,644</u>	<u>5,191,031</u>

Note 8. Trade and other receivables

	31 Dec 2022 \$	30 Jun 2022 \$
<i>Current assets</i>		
Trade receivables	135,883	88,982
Less: Allowance for expected credit losses	(10,000)	(10,000)
	<hr/>	<hr/>
	125,883	78,982
Other receivables	-	508
Other receivables (a)	1,722,999	3,544,735
Deferred consideration (b)	235,185	244,368
	<hr/>	<hr/>
	2,084,067	3,868,593
<i>Non-current assets</i>		
Deferred consideration (b)	-	226,267
	<hr/>	<hr/>
	<u>2,084,067</u>	<u>4,094,860</u>

(a) Other receivables

Other receivables represent amounts due from Government agencies for the R&D tax incentive (Australia) and indirect tax for which there is no expected credit loss.

(b) Deferred consideration

On 19 October 2021, the company licenced its Australian nutraceutical business to PharmaCare Pty Ltd (refer note 6). The company is entitled to receive an earn-out of the greater of \$250,000 or 5% of net sales for each of the two successive years following completion. The deferred consideration represents the fair value of the minimum earn-out the company will receive.

Note 9. Other

	31 Dec 2022 \$	30 Jun 2022 \$
<i>Current assets</i>		
Prepayments	167,018	99,268
Other current assets	3,000	3,000
	<u>170,018</u>	<u>102,268</u>
<i>Non-current assets</i>		
Security bonds and guarantees	412,625	482,941
	<u>582,643</u>	<u>585,209</u>

Note 10. Property, plant and equipment

	31 Dec 2022 \$	30 Jun 2022 \$
<i>Non-current assets</i>		
Leasehold improvements - at cost	293,770	429,102
Less: Accumulated depreciation	(191,779)	(303,786)
	<u>101,991</u>	<u>125,316</u>
Plant and equipment - at cost	228,645	611,227
Less: Accumulated depreciation	(139,527)	(471,038)
	<u>89,118</u>	<u>140,189</u>
Office furniture and equipment	283,896	480,377
Less: Accumulated depreciation	(241,164)	(401,576)
	<u>42,732</u>	<u>78,801</u>
	<u>233,841</u>	<u>344,306</u>

Reconciliations

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

	Leasehold improvements \$	Plant and equipment \$	Office furniture and equipment \$	Total \$
Balance at 1 July 2022	125,316	140,189	78,801	344,306
Additions	23,618	-	4,681	28,299
Write off of assets	-	-	(3,465)	(3,465)
Depreciation expense	(46,943)	(51,071)	(37,285)	(135,299)
Balance at 31 December 2022	<u>101,991</u>	<u>89,118</u>	<u>42,732</u>	<u>233,841</u>

Note 11. Right-of-use assets

	31 Dec 2022 \$	30 Jun 2022 \$
<i>Non-current assets</i>		
Leasehold properties - right-of-use	3,131,471	2,726,212
Less: Accumulated depreciation	<u>(2,359,847)</u>	<u>(1,655,122)</u>
	<u>771,624</u>	<u>1,071,090</u>

Reconciliations

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

	Leasehold properties \$
Balance at 1 July 2022	1,071,090
Exchange differences	6,226
Depreciation expense	<u>(305,692)</u>
Balance at 31 December 2022	<u>771,624</u>

Note 12. Trade and other payables

	31 Dec 2022 \$	30 Jun 2022 \$
<i>Current liabilities</i>		
Trade payables	587,733	530,958
Accrued expenses	1,105,269	546,015
Sundry payables	<u>239,863</u>	<u>384,981</u>
	<u>1,932,865</u>	<u>1,461,954</u>

Note 13. Lease liabilities

	31 Dec 2022 \$	30 Jun 2022 \$
<i>Current liabilities</i>		
Lease liability	<u>546,302</u>	<u>568,233</u>
<i>Non-current liabilities</i>		
Lease liability	<u>275,789</u>	<u>554,560</u>
	<u>822,091</u>	<u>1,122,793</u>

Note 14. Issued capital

	31 Dec 2022 Shares	30 Jun 2022 Shares	31 Dec 2022 \$	30 Jun 2022 \$
Ordinary shares - fully paid	<u>2,283,502</u>	<u>342,175,671</u>	<u>66,811,113</u>	<u>66,811,113</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2022	342,175,671		66,811,113
Share consolidation (150:1 basis)	5 August 2022	<u>(339,892,169)</u>		<u>-</u>
Balance	31 December 2022	<u>2,283,502</u>		<u>66,811,113</u>

Note 15. Reserves

	31 Dec 2022 \$	30 Jun 2022 \$
Foreign currency reserve	91,196	101,840
Share-based payments reserve	<u>697,203</u>	<u>697,203</u>
	<u>788,399</u>	<u>799,043</u>

Movements in reserves

Movements in each class of reserve during the current financial half-year are set out below:

	Foreign currency reserve \$	Share-based payments reserve \$	Total \$
Balance at 1 July 2022	101,840	697,203	799,043
Foreign currency translation	<u>(10,644)</u>	<u>-</u>	<u>(10,644)</u>
Balance at 31 December 2022	<u>91,196</u>	<u>697,203</u>	<u>788,399</u>

Note 16. Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 17. Events after the reporting period

Company has ceased operations and has been in caretaker mode since 27 February 2023:

As per the Quarterly Activities update released to the market on 20 January 2023, the company was advised that market timing for the proposed US Nasdaq IPO was not optimal, and the decision was made to delay the US IPO. The company had previously announced that several pre-set conditions had been satisfied and the Board is confident of a successful IPO if the decision is made to continue the process in the second half of this calendar year.

As of 27 February 2023, the Company entered into trading suspension on the ASX. On 03 March 2023, nearly 80% of permanent staff were terminated, and the Company ceased to operate as an R&D Company. From this point, the Company appointed Hall Chadwick to help restructure the Company while minimal staff remained to help manage the Company in a Care and Maintenance capacity.

The Company ceased trading in its normal activities and operations from 27 February 2023 but did not enter into any voluntary administration or insolvency. The Company had sufficient cash to payout staff as well as statutory obligations. Once the R&D grant, for 2022-23 financial year, was receipted, the Company had the ability to pay out the significant creditors (on a compromised reduced basis).

Significant circumstances have arisen since 31 December 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Company is still a going concern, to the extent there is sufficient cash to repay outstanding creditors (via compromise payments) and all staff and statutory commitments have been met (terminations, superannuation, PAYG withholding and GST).

Financials related change of events, post 31 December 2022:

Assets

Trade Receivables - Carrying amount as of 31 December 2022 was \$125,883

- Significant number of receivables paid balances owing, with current receivables at \$2,255

Other Receivables - Carrying amount as of 31 December 2022 was \$2,084,067, this was made up of,

- R&D tax incentive of \$1,722,999. In August 2023, \$2,735,000 (for 9 months to March 2023) of R&D tax incentive was receipted in the Company's bank
- A second and final deferred consideration payment of \$250,000, of which discounted value of \$235,185 was recorded. The actual payment that was receipted from PharmaCare Pty Ltd was \$240,000 (as an earlier cash receipt) from the expected November 2023 timing. The earlier receipt was reciprocated with a \$10,000 reduction on the amount owing

Inventories – Carrying amount as of 31 December 2022 was \$56,774

- Inventory was sold to KSJ Pharmatech Pty Ltd as part of a licencing arrangement, whereby KSJ licence the NanaBis and NanoCBD Special Access Scheme (SAS). The Company no longer operates SAS or compassionate programs and consequently carries no inventory

Property, Plant and Equipment – Carrying net written down value amount as of 31 December 2022 was \$233,841

- Prior to 30 June 2023, all fixed assets were realised, via sales to staff and external parties, or disposed of. All amounts written down were expensed to depreciation. The Company no longer carries any fixed assets

Right of Use Assets – Carrying value as of 31 December 2022 was \$771,624

- Prior to 30 June 2023, the Company managed to exit the Botany and US office premises, all right of use lease assets written down to NIL as of 30 June 2023.

Other Non-Current Assets - Carrying value as of 31 December 2022 was \$412,625

- Botany lease bond (6 months) was paid to the Landlord (Dexus) as a key part of the negotiation to exit the lease, which had one year remaining. The amount was \$360,000 for the lease bond
- The \$52,625 bonds were related bank credit cards, and these were receipted once credit cards were closed

Note 17. Events after the reporting period (continued)

Other Assets – Prepayments

- Current prepayments - \$170,018 as of 31 December 2022, were expensed in second half of 2023 financial year
- The Company no longer carries any prepayments

Liabilities

Current Liabilities

Trade payables, value as of 31 Dec 2022 were \$587,733

- Most of this has been paid since 31 December 2022. The only material subsequent unrecorded creditors relating to pre-Dec 2022, excluding accruals, was an IPO related invoice from Legal. This expense was for the support for SEC US application. The amount was \$147,870, and the invoice was received in February 2023. The Company offered to pay the debt with a compromised amount of \$88,000, which was accepted. This was paid in September 2023

Accrued expenses, value as of 31 December 2022 were \$1,105,269

- Director related accruals of \$525,984 as of 31 December 2022, were paid on a compromised basis. The final debt paid to Hall Chadwick was \$360,000, with the difference credited to director expenses in P&L. This payment was made in October 2023
- There were also US IPO related professional legal fees that were accrued as of 31 December 2022 with an amount of \$550,000. The Company offered a compromised debt payment of \$327,897, which was accepted. Payment was made in August 2023

Lease Liabilities

- Current lease liabilities, with a carrying amount of \$546,302 as of 31 December 2022, were reversed to the P&L before 30 June 2023. This was the result of remaining leases at both Botany and US office were terminated in May 2023
- Non-Current lease liabilities, with a carrying amount of \$275,789 as of 31 December 2022, were reversed to the P&L before 30 June 2023. This was the result of remaining leases at both Botany and US office were terminated in May 2023

Employee Benefits

- On the 31 December 2022 carrying amounts of current employee benefits of \$417,294 and \$129,823 have all been paid out. The significant portion of employee benefit liabilities were paid to staff in March 2023
- As of today, the Company no longer employs any staff. There are no employee benefits as liabilities recorded in the balance sheet

Note 18. Earnings per share

	31 Dec 2022	31 Dec 2021
	\$	\$
<i>Earnings per share for loss from continuing operations</i>		
Loss after income tax	(4,854,743)	(4,244,349)
Non-controlling interest	-	29,759
Loss after income tax attributable to the owners of Medlab Clinical Limited	<u>(4,854,743)</u>	<u>(4,214,590)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>2,283,502</u>	<u>2,281,171</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>2,283,502</u>	<u>2,281,171</u>

Note 18. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	(212.60)	(184.76)
Diluted earnings per share	(212.60)	(184.76)
	31 Dec 2022	31 Dec 2021
	\$	\$
<i>Earnings per share for profit from discontinued operations</i>		
Profit after income tax attributable to the owners of Medlab Clinical Limited	-	<u>1,159,638</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	-	<u>2,281,171</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	-	<u>2,281,171</u>
	Cents	Cents
Basic earnings per share	-	50.84
Diluted earnings per share	-	50.84
	31 Dec 2022	31 Dec 2021
	\$	\$
<i>Earnings per share for loss</i>		
Loss after income tax	(4,854,743)	(3,084,711)
Non-controlling interest	38,719	29,759
Loss after income tax attributable to the owners of Medlab Clinical Limited	<u>(4,816,024)</u>	<u>(3,054,952)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>2,283,502</u>	<u>2,281,171</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>2,283,502</u>	<u>2,281,171</u>
	Cents	Cents
Basic earnings per share	(210.91)	(133.92)
Diluted earnings per share	(210.91)	(133.92)

Share consolidation

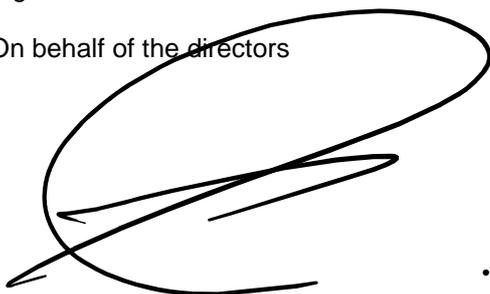
On 5 August 2022, the company completed a share consolidation at the ratio of 150 fully paid ordinary shares into 1 fully paid ordinary share (refer to note 14). The weighted average number of ordinary shares for 31 December 2021 has been adjusted for the effect of the share consolidation, in accordance with AASB 133 *Earnings per share*.

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard 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 2022 and of its performance for the financial half-year ended on that date; and
- 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*.

On behalf of the directors



S Hall
Director

04 January 2024



M Carter
Director

04 January 2024



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

Report on the Half-Year Financial Report

Disclaimer of Opinion

We were engaged to review the half year financial report of Medlab Clinical Limited and its Controlled Entities, (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year then ended, and notes to the financial statements, including significant accounting policy information, and the directors' declaration.

We do not express an opinion on the accompanying interim financial report of the Company. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for a review conclusion on this interim report.

Basis for Disclaimer of Opinion

As per Note 1 of the interim financial report, the consolidated entity is restructuring which has resulted in the company winding down in an orderly way its operations which has included the sale of all assets and payment of liabilities. After the sale of its IP the company will be a shell with the intention to raise capital to put a new venture into it. We have been unable to obtain sufficient appropriate audit evidence as to whether the Company may be able to raise capital and remove significant doubt of its ability to continue as a going concern within twelve months of the date of this review report.

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 is free from material misstatement, whether due to fraud or error.

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF MEDLAB CLINICAL AND CONTROLLED ENTITIES

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial report does not give a true and fair view of the financial position of the consolidated entity as at 31 December 2022 and of its financial performance and its cash flows for the half-year ended on that date, in accordance 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.

Independence

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

Dated at Sydney on the 5th of January 2024



ESV Business Advice and Accounting



Tim Valtwies
Partner

Directors	S Hall - Chairman M Hudson - Non-Executive Director M Carter - Non-Executive Director
Company secretary	Kerem Kaya
Registered office and principal place of business	Nova Legal Corporate Lawyers Level 2 50 Kings Park Road, West Perth WA 6005
Share register	Advanced Share Registry 110 Stirling Highway Nedlands WA 6009
Auditor	ESV Business Advice and Accounting Level 13 68 York Street Sydney NSW 2000
Patent Attorneys	Davies Collison Cave 255 Elizabeth Street Sydney NSW 2000
Bankers	Commonwealth Bank Australia Limited 48 Martin Place Sydney NSW 2000
Stock exchange listing	Medlab Clinical Limited shares are listed on the Australian Securities Exchange (ASX code: MDC)
Website	www.medlab.co
Corporate Governance Statement	www.medlab.co/about/corporate_governance