



19 May 2020

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

Dear Sir/Madam

CLARIFICATION OF MARCH QUARTER APPENDIX 4C

Further to the release of the March Quarter Appendix 4C released by Medlab Clinical Limited (ASX: MDC) on 27 April 2020, Medlab wishes to advise that the following additions have been made:

- Item 6.1: Payment to related parties and associates
- Item 7.6: Description of the finance facility

For and behalf of the Board.

Alan Dworkin
Company Secretary

ISSUED FOR: MEDLAB CLINICAL LTD (ASX: MDC) – www.medlab.co
FOR FURTHER DR SEAN HALL, CEO, MEDLAB CLINICAL
INFORMATION: TEL: +61 2 8203 9520, sean_hall@medlab.co

ABOUT MEDLAB – www.medlab.co

Medlab Clinical is an Australian based medical life science company, developing therapeutic pathways for diagnosed chronic diseases. It is advanced in developing therapies for pain management, depression and obesity as well as earning revenue from sale of nutritional products in Australia and the United States. In pain management Medlab is developing cannabis-based medicines. The Medlab developed nano-particle medicine delivery system, NanoCelle™, is being applied to its medicines, nutritional products and off-patent drugs like statins. Medlab has a growing patent portfolio.

For personal use only

Appendix 4C

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

Name of entity

MEDLAB CLINICAL LIMITED

ABN

51 169 149 071

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,356	5,086
1.2 Payments for		
(a) research and development	(1,506)	(3,940)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(471)	(1,603)
(d) leased assets	(283)	(689)
(e) staff costs	(873)	(3,402)
(f) administration and corporate costs	(655)	(1,957)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	13	69
1.5 Interest and other costs of finance paid	(21)	(129)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	2,100
1.8 Other (provide details if material)		
(a) payments for inventory	(630)	(4,139)
(b) IP costs	(44)	(117)
1.9 Net cash from / (used in) operating activities	(3,114)	(8,721)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(22)	(166)
(d) investments	-	-

For personal use only

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(e) intellectual property	-	-
(f) other non-current assets	-	-
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	(22)	(166)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	5,000
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	(10)	(287)
3.5 Proceeds from borrowings	610	3,194
3.6 Repayment of borrowings	(762)	(4,040)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	(162)	3,867

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	9,689	11,442
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,114)	(8,721)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(22)	(166)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(162)	3,867
4.5	Effect of movement in exchange rates on cash held	6	(25)
4.6	Cash and cash equivalents at end of period	6,397	6,397

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	6,397	9,689
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)	6,397	9,689

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

129

-

Director and associates fees/wages

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Banking Facility	-	-
7.4 Total financing facilities	2,000	325

7.5 **Unused financing facilities available at quarter end** 1,675

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.

A debtor finance facility secured over debtors was established with Scottish Pacific Business Finance in November 2017 (renewed June 2019). The facility is over a 24-month term with a discount charge of 8.04% and is for \$2m.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(3,114)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	6,397
8.3 Unused finance facilities available at quarter end (Item 7.5)	1,675
8.4 Total available funding (Item 8.2 + Item 8.3)	8,072
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	2.59

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

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: N/A

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: N/A

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: N/A

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: 19 May 2020

Authorised by: By the Board of Directors

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.