

Medicinal Cannabis Industry Australia Limited

**Financial statements
For the year ended 30 June 2023**

PREPARED BY



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MEDICINAL CANNABIS INDUSTRY AUSTRALIA LIMITED

ABN: 36 624 947 360

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Medicinal Cannabis Industry Australia Limited
Directors' report
30 June 2023

The directors present their report, together with the financial statements, on the company for the period commencing 1 July 2022 and ending 30 June 2023.

Directors

The following persons were directors of the company at any time during or since the end of the financial year. Directors were in office for the entire period unless otherwise stated.

- Peter Crock
- Russell Harding
- Carol Ireland
- Joanna Patterson
- Elisabetta Faenza (resigned 16 November 2022)
- Patty Holmes (resigned 8 June 2023)
- Peter Koetsier (appointed 8 June 2023)

Objectives

Medicinal Cannabis Industry Australia (MCIA) is the peak industry organisation for Australia's licensed medicinal cannabis industry. It represents the mutual interests of members and other stakeholders to build a professional industry based on legitimacy, credibility, and recognition for the Australian sector in domestic and international arenas. It acts as the voice for the licensed medicinal cannabis sector.

Specific objectives are to:

- facilitate and promote the growth, development, and reputation of the medicinal cannabis industry
- promote regulatory consistency across Australia and facilitate a self-regulatory environment that accelerates access for Australian products to Australian and global patients
- promote awareness and confidence in medicinal cannabis
- promote best practices in all aspects of the industry's operations

Strategy for achieving the objectives

MCIA key priorities and activities to deliver its objectives/vision are focused on:

- building a solid membership base for ongoing viability
- fostering a regulatory environment in which member businesses can flourish
- building awareness of the industry and MCIA with stakeholders as the 'go to' source of authority

Principal activities

The principal activities of the company during the period was to facilitate the growth and development of the medicinal cannabis industry.

During the period the principal continuing activities of the company were

- building the membership base
- implementation of the MCIA Code of Conduct
- establishment of the Medicinal Cannabis Health Advisory Council
- submissions to the Office of Drug Control and Therapeutic Goods Administration on Licence and permit reforms models, and GMP requirements for imports/TGO 93 update, followed by response, medicinal cannabis reforms and engagement on implementation
- capacity building / education activities
- holding member and industry events including the *ACannabis* conference

Review of operations

During the reporting period, the company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

The company made a profit of \$31,956 for the year from the payment of membership fees and Acannabis sponsorship fees.

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Performance measures

The company measures its performance through the support of its membership base and value created for members.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the period.

Environmental regulation

The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Events arising since the end of the reporting period

No matters have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the company, results of those operations, or that of the company in future financial years.

Indemnities given to, and insurance premiums paid for, Auditors and Officers

No indemnities have been given during the period, or since the end of the financial year for any person who is, or has been, an officer or auditor of the company.

Directors

Name	Peter Crock
Qualifications	B. Ag. Sci, MBA
Experience	Former CEO Cann Group Limited Drawing on nearly three decades experience at global agribusiness Nufarm (ASX: NUF), Cann Group's CEO Peter Crock is helping to shape the future of the medicinal cannabis industry in Australia. With Peter at the helm and working closely with an experienced board of directors, Cann Group (ASX: CAN) received the first commercial cultivation licence in Australia, and was the first medicinal cannabis company to successfully list via an Initial Public Offering (IPO) on the Australian Securities Exchange (ASX), raising AUD\$13.5 million in shareholder capital. To accelerate organisational growth, Cann Group completed an additional AUD\$70m capital raise, which has enabled the advancement of its' most ambitious project to date; a controlled environment, automated production facility which has capacity to produce 12,000kg of medicinal cannabis product per year. With deep knowledge and experience in the areas marketing, business and technology development, as well as mergers and acquisitions, Peter has overseen the growth and advancement of Cann Group.
Category nomination	Director
Special responsibilities	Chair

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Name	Russell Harding
Qualifications	BPharm, B. HMS, GAICD
Experience	Executive Chairman & CEO, MedReleaf Australia Russell has 35 years' success in multiple pharmacy business ownership, management and innovation combined with leadership in a number of other fields including pharmacy wholesaling to an 80 member group of pharmacist proprietors, property development, medical centre management and semi-professional sports coaching as an accredited AFLQ senior coach.
Category nomination	Director
Special responsibilities	

Name	Carol Ireland
Qualifications	Dip. Rehab Counselling; Fellow AIM
Experience	CEO and Managing Director, Epilepsy Action Australia, Carol's extensive background spans 40 years in the not-for-profit human services sector. She has been at the forefront of the medical cannabis movement in Australia. Carol currently serves on the federal government's Australian Advisory Council on the Medicinal Use of Cannabis, Advisory Board of the Lambert Initiative for Cannabinoid Therapeutics at the University of Sydney, and the Steering Committee for the NSW Government's Paediatric Epilepsy Trials (Medicinal Cannabis Research). Carol is a strong and active advocate for consumers.
Category nomination	Director
Special responsibilities	MCI/MCC collaboration, Patient advocate

Name	Elisabetta Faenza
Qualifications	BA, Master International Relations, Dip. Clinical Hypnotherapy, MAICD
Experience	CEO LeafCann Group Elisabetta is an expert in relationship management, optimising individual, organisational and societal outcomes, facilitating collaboration and fundraising through win-win relationships. As Co-Founder and CEO of LeafCann Group, Elisabetta has driven the organisation's strategic positioning as an industry leader. With her core team Elisabetta has expertly laid the groundwork for product development, acquiring critical infrastructure, and developing patenting, licensing and certification pathways. This has positioned LeafCann as a future operational centre of excellence for the emergent Medicinal Cannabis sector in Australasia and Europe. Elisabetta is a Clinical Hypnotherapist and consultant hypnotherapist to medical and allied health practices including; pain management specialists, physiotherapists, and dentists. Elisabetta has extensive experience as a strategic planner and relationship manager for transnationals and NGOs in the health and regenerative agriculture sectors. Her experience in project planning, strategic partnerships and fundraising has allowed her to identify key strategic partners and negotiate joint venture agreements both nationally and internationally.
Category nomination	Director
Special responsibilities	

Name	Patty Holmes
Qualifications	Grad Dip, Technical Writing and Communications, Uni Melb Grad Dip, Applied Linguistics, Uni Melb BA, Business Management/Linguistics, SUNY Stony Brook
Experience	Global Medical Affairs Director, Althea Company Pty Ltd Patty was one of the original founders of Althea where she was originally employed as the Chief Operating Officer. She was previously the Director of Business Management at Medicines Development for Global Health (MDGH). At MDGH Patty was responsible for the overall business management of the company. During Patty's time at MDGH she lead the program for the successful registration of a new drug with the US FDA, the first Australian NFP company to achieve FDA registration. As a result of the registration MDGH received an FDA Priority Review Voucher which was subsequently sold for in excess of US\$100

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	million. Prior to MDGH Patty worked with Gilead Sciences creating patient and healthcare professional facing materials for drugs launched in the Australian market. Patty is original from New York, where she held various positions as Director of International Sales for multi national companies.
Category nomination	Director
Special responsibilities	

Name	Joanne Patterson
Qualifications	MBus. Marketing
Experience	Jo has over 20 years' experience in business and corporate strategy with exposure in Australia and international markets. She has developed a number of businesses from start-up as well as driving established organisations towards growth and merger trajectories. She has been officially recognised as a successful business executive by winning a number of key business awards and her acumen is evidenced in the success of previous companies in the technology, advertising and healthcare sectors. Jo has held multiple CEO and Managing Director roles over her career. Jo is the founder and CEO of Bod Limited, an ASX listed company, focused on drug development and product innovation based around Medical Cannabis.
Category nomination	Director
Special responsibilities	

Name	Peter Koetsier
Qualifications	BSc Pharmacology/Immunology Dip Education
Experience	Peter is the Chief Executive Officer of Cann Group Limited, Australia's first commercially licensed medicinal cannabis cultivator and manufacturer. Peter boasts more than 30 years of general management, marketing and commercial leadership roles within global pharmaceutical companies. He has previous experience as Head of Asia Pacific for French biopharmaceutical company, Ipsen, where he developed and led the implementation of a successful growth strategy which included the commercial launch of new brands. Other previous roles include General Manager of Australia/New Zealand (Ipsen) and senior management positions with Astra/Zeneca, UK and Bristol-Myers Squibb in Europe.
Category nomination	Director
Special responsibilities	

Company secretary

Patty Holmes became the Company Secretary on 8 June 2023, following the resignation of Rosemary Richards. Patty has over 20 years' experience in business management and has held various executive positions.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the period 1 July 2022 through to 30 June 2023, and the number of meetings attended by each director were:

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	Eligible	Attended
Peter Crock, Chair	14	14
Elisabetta Faenza	5	5
Russell Harding	14	14
Patty Holmes	12	9
Carol Ireland	14	14
Peter Koetsier	1	1
Joanne Patterson	14	12

Contributions on winding up

In the event of the company being wound up, ordinary members are required to contribute a maximum of \$100 each.

This undertaking continues for 1 year after a member ceases to be a member of the Company.

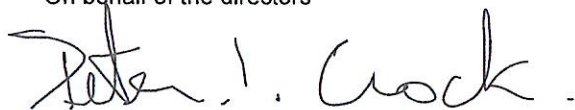
The total amount that members of the company are liable to contribute if the company is wound up is \$600, based on 6 current ordinary members.

Auditor's independence declaration

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

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

On behalf of the directors



Peter Crock
Chair



Joanne Patterson
Director

Medicinal Cannabis Industry Australia Limited

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Auditors independence declaration

Please remove and insert your auditors declaration

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Statement of profit or loss and other comprehensive income

For the year ended 30 June 2023

	Note	2023 \$	2022 \$
Income			
Membership fees		93,140	100,597
Project fees		-	26,114
Sponsorships		-	3,000
Network events		668	1,732
Acannabis conference fees	3	366,165	87,131
		459,973	218,574
Expenses			
Acannabis conference costs	4	290,969	94,234
Auditor's remuneration		2,100	1,500
Bank charges		5	12
Communication & website		2,908	6,865
Conference fees		318	3,174
Filing fees		304	250
Insurance		3,123	3,247
Meeting costs		625	1,271
Network events		80	1,436
Professional fees		3,250	3,430
Project costs		9,726	29,990
Secretariat		112,735	120,000
Sponsorships		1,538	5,000
Sundry expenses		227	-
Travel & accommodation		109	243
		428,017	270,652
Net surplus (loss) at the end of the period		31,956	(52,078)
Other comprehensive income for the period		-	-
Total comprehensive income at the end of the financial period		31,956	(52,078)

The accompanying notes form part of these financial statements.
These financial statements have been subject to audit and should be read in conjunction with the attached Auditor's report.

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Statement of financial position

For the year ended 30 June 2023

	2023	2022
	\$	\$
Current assets		
Cash and cash equivalents	72,973	52,467
GST receivable	5,112	3,119
Total current assets	78,085	55,586
Total assets	78,085	55,586
Current liabilities		
Accrued charges	10,000	11,957
Income in advance	6,875	14,375
Total current liabilities	16,875	26,332
Total liabilities	16,875	26,332
Net assets	61,210	29,254
Equity		
Accumulated surpluses	61,210	29,254
Total equity	61,210	29,254

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Statement of changes in equity

For the year ended 30 June 2023

	2023	2022
	\$	\$
Accumulated surplus at 1 July 2022	29,254	81,332
Surplus (loss) after income tax expense for the period	31,956	(52,078)
Other comprehensive income for the period, net of tax	-	-
Total comprehensive income for the period	<u>31,956</u>	<u>(52,078)</u>
Accumulated surplus at 30 June 2023	<u><u>61,210</u></u>	<u><u>29,254</u></u>

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Cash Flow Statement

For the year ended 30 June 2023

	2023	2022
	\$	\$
Cash flows from operating activities		
Membership fees (inclusive of GST)	102,454	129,497
Project fees (inclusive of GST)	-	28,725
Conference income (inclusive of GST)	394,531	111,657
Miscellaneous income (inclusive of GST)	735	4,905
Payments to suppliers (inclusive of GST)	(477,214)	(315,506)
Net cash from operating activities	<u>20,506</u>	<u>(40,722)</u>
Cash flows from investing activities		
Net cash from investing activities	<u>-</u>	<u>-</u>
Cash flows from financing activities		
Net cash from financing activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	<u>20,506</u>	<u>(40,722)</u>
Cash and cash equivalents at the beginning of the year	52,467	93,189
Cash and cash equivalents at the end of the year	<u><u>72,973</u></u>	<u><u>52,467</u></u>

The accompanying notes form part of these financial statements.

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Notes to the financial statements

For the year ended 30 June 2023

The financial statements cover the business of Medicinal Cannabis Industry Australia Limited as an individual entity, incorporated and domiciled in Australia. Medicinal Cannabis Industry Australia Limited is a company limited by guarantee.

The financial statements were authorised as at the date of signing the attached directors' declaration.

1 Basis of preparation

In the directors' opinion, the company is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purposes of complying with the Corporations Act 2001 requirements to prepare and distribute financial statements to the owners of the company. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the owners of the company.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated. The amounts presented in the financial statements have been rounded to the nearest dollar.

2 Summary of significant accounting policies

Income tax

No provision for income tax has been raised as the Entity is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

Revenue and other income

The Entity recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Entity's activities are met as follows:

Membership and project fees

Membership and project fees are recognised

- a) over the life of the membership, or
- b) as performance milestones are achieved under the project fee contract

Conference fees

Conference fees are recognised when conferences are held on behalf of participants and collection of revenue from those participants is virtually certain.

These financial statements have been subject to audit and should be read in conjunction with the attached Auditor's report.

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Notes to the financial statements

For the year ended 30 June 2023

Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the Entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

3 Acannabis conference fees

	2023	2022
	\$	\$
Sponsorship	188,199	74,753
Registration fees	170,466	11,753
Software licences	7,500	625
	<u>366,165</u>	<u>87,131</u>

4 Acannabis conference costs

	2023	2022
	\$	\$
Event management fee	92,352	55,000
Advertising & marketing	15,106	5,936
Audio visual	-	32,463
Registrations	940	-
Venue & equipment hire	174,394	-
Sundry expenses	8,177	835
	<u>290,969</u>	<u>94,234</u>

These financial statements have been subject to audit and should be read in conjunction with the attached Auditor's report.

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Notes to the financial statements

For the year ended 30 June 2023

5 Company details

The registered office of the company:

Capricorn Business Services
Suite 25 Level 2
103 George Street
Parramatta NSW 2150

The principal place of business:

32 Upper Cliff Road
Northwood NSW 2066

6 Events after the reporting period

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

7 Contingent Liabilities

The company has no material contingent assets or liabilities.

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Director's declaration

The director has determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 2 to the financial statements.

The director of the company declares that:

1. The financial statements and notes present fairly the company's financial position as at 30 June 2023 and its performance for the year ended on that date in accordance with the accounting policies described in Note 2 to the financial statements;
2. In the director's 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.

This declaration is made in accordance with a resolution of the director.

Director



Peter Crock

Director



Joanne Patterson

Dated

14 / 11 / 2023