

# Appendix 4D

## Half Year Report to the Australian Securities Exchange

### Part 1 - Details of reporting period

<b>Name of Entity</b>	eSENSE-LAB LIMITED
<b>ARBN</b>	616 228 703
<b>Half Year Ended</b>	30 June 2017
<b>Previous Corresponding Reporting Period</b>	First period

### Part 2 – Results for Announcement to the Market

<b>Key information</b>	<b>30 June 2017 US\$'000</b>	<b>30 June 2016 US\$'000</b>	<b>Increase/ (decrease) %*</b>	<b>Amount change US\$*</b>
Revenue from continuing operations <sup>1</sup>	53	-	-	-
Profit/(Loss) from ordinary activities after tax attributable to members <sup>1</sup>	(1,159)	-	-	-
Net Profit/ (Loss) for the period attributable to members	(1,159)	-	-	-
Net tangible asset \$ per share	0.027	-	-	-
* On 13 April 2016 the Company was incorporated and registered in Israel, the Company was admitted to Official List on 10 February 2017. This is the first Appendix 4D the Company is required to release.				

<b>Dividends (distributions)</b>	<b>Amount per security</b>	<b>Franked amount per security</b>
<b>Final Dividend</b>	Nil	Nil
<b>Interim Dividend</b>	Nil	Nil
<b>Record date for determining entitlements to the dividends (if any)</b>	Not Applicable	

#### Brief explanation of any of the figures reported above necessary to enable the figures to be understood:

Refer to the Review of Activities contained in the Directors' Report which forms part of the attached Interim Financial Report for details.

**Part 3 – Contents of ASX Appendix 4D**

<b>Section</b>	<b>Contents</b>
Part 1	Details of entity, reporting period
Part 2	Results for announcement to the market
Part 3	Contents of ASX Appendix 4D
Part 4	Commentary on results
Part 5	Details relating to dividends
Part 6	Net tangible assets per security
Part 7	Details of entities over which control has been gained or lost
Part 8	Details of associates and joint venture entities
Part 9	Information on audit or review

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#### Part 4 – Commentary on Results

Refer to the Review of Activities contained in the Directors' Report which forms part of the attached Interim Financial Report for details.

#### Part 5 – Details Relating to Dividends

Date the dividend is payable	N/A
Record date to determine entitlement to the dividend	N/A
Amount per security	N/A
Total dividend	N/A
Amount per security of foreign sourced dividend or distribution	N/A
Details of any dividend reinvestment plans in operation	N/A
The last date for receipt of an election notice for participation in any dividend reinvestment plans	N/A

#### Part 6 – Net Tangible Assets per Security

	<b>2017</b>	<b>2016*</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Net tangible asset (deficiency) backing per security	0.027	N/A

#### Part 7 – Details of Entities Over Which Control has been Gained or Lost

Not applicable.

## Part 8 – Details of Associates and Joint Venture Entities

Name of associate and joint venture entities	Ownership Interest		Contribution to net profit/(loss)	
	2017 %	2016 %	2017 US\$'000	2016 US\$'000
<b>Associates</b>	NA	NA	-	-
<b>Joint Venture Entities</b>	NA	NA	-	-

## Part 9 – Audit/Review Status

<b>This report is based on accounts to which one of the following applies:</b> (Tick one)			
The accounts have been audited	<input type="checkbox"/>	The accounts have been subject to review	<input checked="" type="checkbox"/>
The accounts are in the process of being audited or subject to review	<input type="checkbox"/>	The accounts have not yet been audited or reviewed	<input type="checkbox"/>

**If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:**


N/A

**If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:**

Refer to Half Year Financial Report for the half-year ended 30 June 2017.

## Attachments Forming Part of Appendix 4D

Attachment #	Details
1	Interim Financial Report

<b>Signed By Company Secretary</b> 	
<b>Steven Wood</b>	
<b>Date 30 August 2017</b>	

**eSENSE-LAB LTD**

**ARBN 616 228 703**

**FINANCIAL STATEMENTS**

**AS OF JUNE 30, 2017**

**UNAUDITED**

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## CORPORATE DIRECTORY

### Directors

Dr Brendan de Kauwe - Chairman  
Mr Haim Cohen - CEO and Executive Director  
Mr Eran Gilboa - Non-Executive Director  
Mr Ilan Saad - Non-Executive Director  
Ms Galit Assaf - Non-Executive Director  
Mr Quentin Megson - Non-Executive Director

### Auditor

BDO Ziv Haft  
Amot Bituach House  
48 Derech Menachem Begin Road  
Tel Aviv 6618001 Israel

### Company Secretary

Mr Steven Wood

### Australian Legal Advisor

Bellanhuse Legal, Level 19, Alluvion  
58 Mounts Bay Rd, Perth WA 6000

### Principal Office

8 Sapir Street Nes Tziona, Israel  
Telephone: +972.50.6610.402  
Email: info@esense-lab.com

### Israeli Legal Advisor

Goldfarb Seligman & Co  
Ampa Tower  
98 Yigal Alon Street,  
Tel Aviv 6789141 Israel

### Registered Office Australia

C/- Otsana Capital  
108 Outram Street  
West Perth WA 6005

### Share Registry

Link Market Services Limited  
Central Park, Level 4  
152 St Georges Tce Perth WA 6000

### ASX Code

ESE

### Website

esense-lab.com

The amounts are stated in U.S dollars

## DIRECTORS' REPORT

The Directors of eSense-Lab Limited (the **Company** or **eSense-Lab**) submit the following report for the half year ended 30 June 2017 (**Financial Period**).

### DIRECTORS

The names and the particulars of the Directors of the Company during the half year and to the date of this report are:

<b>Name</b>	<b>Status</b>	<b>Appointed</b>
Dr Brendan de Kauwe	Chairman	Appointed 1 October 2016
Mr Haim Cohen	CEO and Executive Director	Appointed 1 October 2016
Mr Eran Gilboa	Non-Executive Director	Appointed 19 September 2016
Mr Ilan Saad	Non-Executive Director	Appointed 1 October 2016
Ms Galit Assaf	Non-Executive Director	Appointed 5 December 2016
Mr Quentin Megson	Non-Executive Director	Appointed 5 December 2016

### COMPANY SECRETARY

Mr Steven Wood

### REVIEW AND RESULTS OF OPERATIONS

The net loss after income tax for the half year ended 30 June 2017 amounted to (US\$1,159 thousands) (30 June 2016: (US\$Nil) net loss).

### REVIEW OF ACTIVITIES

During the half year ended 30 June 2017, the following activities were undertaken.

- eSense-Lab received its first commercial order signed with Allor Vaporizers, a US electronic vaporizer company, for the supply of e-liquids comprising the Company's reconstructed cannabis terpene profiles.
- The Company made advancement on its extraction methods, now shown to be greater than 30% higher terpene counts over the current methodologies. The Company has also made progress in its detection methods achieving 10-100 multiples higher resolution in terpene detection and quantification. The result allows the Company to produce more complete target plant profiles than any other methodologies currently available.
- eSense-Lab has reached direct quantification of over 20 additional terpenes previously not detected by conventional methodologies, resulting in the Company now able to quantify a total of more than 40 terpenes with the highest accuracy, more than twice the terpene could of any other competitor. This result has allowed eSense-Lab to reach 95% accuracy when taking a sample of multiple strains and variations of terpenes across different growers of the same cannabis strain.
- The technology advancements achieved have resulted in a significant net reduction in the underlying production costs of eSense-Lab's terpenes profiles, and well below the previous 2-10% cost profile.
- eSense-Lab has commenced shipment of commercial samples of its cannabis terpenes profiles to more than 200 potential off-take partners and distributors in North America and Europe, with more than 1000 commercial samples sent,

## **DIRECTORS' REPORT**

### **REVIEW OF ACTIVITIES (CONTINUED)**

- eSense-Lab has begun the delivery of its initial commercial order to US electronic vaporizer company, Allor Vaporizers, for the supply of e-liquids comprising the Company's reconstructed cannabis terpene profiles, with an order valued at approximately US\$470,000.
- eSense-Lab executed a Memorandum of Understanding (MoU) with US manufacturer Healthy Chocolate Florida (HCF). Under the MoU the two companies will collaborate in development and marketing of terpene and chocolate based controlled dietary supplements. eSense-Lab will also have the opportunity to be supplier of terpene compounds to other HCF brands and clients for the purpose of formulating their own consumable products and supplements, and/or an alternate or complementary ingredients for their existing product range.

### **SUBSEQUENT EVENTS**

Subsequent to the balance date, eSense-Lab announced that it had signed a Memorandum of Understanding (MoU) with a U.S cannabis concentrate producer and product development company, Wild Rogue Extract LLC. Under the terms of the agreement, eSense-Lab and Wild Rogue will collaborate in the development and marketing of a new line of cannabidiol based products.

There have been no other matters or circumstances that have arisen since 30 June 2017.

**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION**  
**TO THE SHAREHOLDERS OF**  
**eSENSE-LAB LTD.**

**Introduction**

We have reviewed the accompanying statements of financial position of eSENSE-LAB LTD. (the "Company") as of June 30, 2017 and the related statements of comprehensive loss, changes in shareholders' equity (deficit) and cash flows for the six month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of review**

We conducted our review in accordance with International standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". Review of Interim financial information consists of making inquiries, 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 International Standards on Auditing 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.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not present fairly, in all material respects, the financial position of the Company as at June 30, 2017, and of its financial performance and its cash flows for the six month period then ended in accordance with International Accounting Standard IAS 34.

Tel-Aviv, Israel  
August 28, 2017

  
Ziv Haft  
Certified Public Accountants (Isr.)  
BDO Member Firm



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**eSENSE-LAB LTD.**  
**ARBN 616 2828 703**

**STATEMENTS OF FINANCIAL POSITION**

	Note	June 30, 2017	December 31, 2016
		<u>Unaudited</u>	
		<u>US \$ In thousands</u>	
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents		1,907	477
Other receivables		161	191
<b>TOTAL CURRENT ASSETS</b>		<u>2,068</u>	<u>668</u>
<b>NON-CURRENT ASSETS:</b>			
Property, plant and equipment		19	4
<b>TOTAL NON-CURRENT ASSETS</b>		<u>19</u>	<u>4</u>
<b>TOTAL ASSETS</b>		<u>2,087</u>	<u>672</u>
<b>CURRENT LIABILITIES:</b>			
Trade and other payables		421	337
Convertible loan	3	-	1,401
<b>TOTAL CURRENT LIABILITIES</b>		<u>421</u>	<u>1,738</u>
<b>SHAREHOLDERS' EQUITY (DEFICIT):</b>			
Issued capital	4	4,432	439
Reserves		2,151	2,151
Accumulated losses		(4,917)	(3,656)
<b>TOTAL EQUITY (DEFICIT)</b>		<u>1,666</u>	<u>(1,066)</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>		<u>2,087</u>	<u>672</u>

August 28, 2017  
Date of approval  
of the financial  
statements

  
Eran Gilboa  
Director

  
Haim Cohen  
CEO

The accompanying notes form part of these financial statements.

**eSENSE-LAB LTD.**  
**ARBN 616 2828 703**

**STATEMENT OF COMPREHENSIVE LOSS**

	Note	Six month period ended June 30, 2017 <u>Unaudited</u> US \$ In thousands (except loss per share)
Revenues		53
Cost of sale		<u>39</u>
<b>Gross profit</b>		14
<b>Operating Expenses</b>		
Selling and marketing expenses		230
Research and development expenses		253
General and administrative expenses		<u>690</u>
<b>Operating loss</b>		1,159
Financial expenses		<u>102</u>
<b>Total comprehensive loss for the period</b>		<u><u>1,261</u></u>
<b>Loss per share</b>		
Basic loss per share	6	<u><u>(0.023)</u></u>

The accompanying notes form part of these financial statements.

**eSENSE-LAB LTD.**  
**ARBN 616 2828 703**

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)**

<b>For the period from April 13, 2016 to December 31, 2016:</b>	<b>Issued Capital</b>	<b>Reserves</b>	<b>Accumulated Losses</b>	<b>Total</b>
	<b>US \$ In thousands</b>			
<b>Balance at April 13, 2016 (Inception)</b>	-	-	-	-
Changes during the period:				
Issuance of shares	26			26
Share based payments	-	2,564	-	2,564
Exercise of employee stock options	413	(413)	-	-
Total comprehensive loss for the period	-	-	(3,656)	(3,656)
<b>Balance at December 31, 2016 (Audited)</b>	<b>439</b>	<b>2,151</b>	<b>(3,656)</b>	<b>(1,066)</b>

<b>For the period from December 31, 2016 to June 30, 2017:</b>	<b>Issued Capital</b>	<b>Reserves</b>	<b>Accumulated Losses</b>	<b>Total</b>
	<b>Unaudited</b>			
	<b>US \$ In thousands</b>			
<b>Balance at December 31, 2016 (Audited)</b>	439	2,151	(3,656)	(1,066)
Changes during the period:				
Conversion of convertible loan to shares	1,538	-	-	1,538
Issuance of shares upon IPO, net	2,455	-	-	2,455
Total comprehensive loss for the period	-	-	(1,261)	(1,261)
<b>Balance at June 30, 2017 (Unaudited)</b>	<b>4,432</b>	<b>2,151</b>	<b>(4,917)</b>	<b>1,666</b>

The accompanying notes form part of these financial statements.

**eSENSE-LAB LTD.**  
**ARBN 616 2828 703**

**STATEMENT OF CASH FLOWS**

	Six month period ended June 30, 2017
	Unaudited
	US \$ In thousands
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Net loss for the period	(1,261)
Adjustments to reconcile net loss to net cash Used in operating activities:	
Depreciation	1
Increase in other receivables	(35)
Increase in trade and other payables	84
Changes in fair value of convertible loan	116
<b>Net cash used in operating activities</b>	<b>(1,095)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of property, plant and equipment	(16)
Change in deposit	(3)
<b>Net cash used in investing activities</b>	<b>(19)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Issuance of shares upon IPO, net	2,523
Receipt of convertible loan	21
<b>Net cash provided by financing activities</b>	<b>2,544</b>
 <b>Increase in cash and cash equivalents</b>	 <b>1,430</b>
Cash and cash equivalents at the beginning of the period	477
<b>Cash and cash equivalents at the end of the period</b>	<b>1,907</b>

**APPENDIX – NON-CASH ACTIVITIES:**

Conversion of convertible loan into issued capital	1,538
Prepaid issuance costs	68

The accompanying notes form part of these financial statements.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**(US \$ In thousands)**

**NOTE 1 - DESCRIPTION OF BUSINESS:**

eSENSE-LAB Ltd. (the "Company") was incorporated on April 13, 2016 under the Israeli law and started its operations in August 2016. On February 10, 2017 eSENSE-LAB LTD ("ESE") was admitted to the official list on the Australia Securities Exchange ("ASX"), with trading commencing on the February 14, 2017, after the Company raised AUD 3.5 million (\$ 2.67 million) via the issue of 17,500,000 Chess Depositary Interest CDI (hereafter "shares"), financial product which is a unit of beneficial ownership in an underlying financial product which is quoted on the ASX market, at AUD 0.20 per share.

The Company's principal place of business is 8 Sapir Street Nes Tziona, Israel and the Australian registered office is located at 108 Outram Street, West Perth Western Australia 6005, Australia.

The Company is a technology and research and development company specializing in the commercialization of the phytochemical profiling of plants. The Company's technology enables it to "reverse engineer" a comprehensive model of a targeted plant and develop "terpene profiles" for the targeted plant by using alternative raw and naturally occurring materials.

The Company's goal is to achieve whole-plant phytochemical profiles for a vast variety of plants. The Company's initial focus is on the development and manufacturing of terpene profiles of the cannabis plant. The Company elected to focus initially on the development of terpene profiles for the cannabis plant due to the current strength and forecast growth of the industry for cannabis products. Importantly, whilst the Company has replicated the characteristics of cannabis in its profiles, these are not manufactured from cannabis itself and do not contain cannabinoids. Hence, the Company's cannabis profiles are legal in countries or states where cannabis is illegal.

The Company aims to develop and supply reconstructed, strain-specific, phytochemical profiles of targeted plants, with an initial focus on the cannabis industry. Such phytochemical profiles are intended to be supplied as a consistent, standardized, regulated and commercially viable solution for research and end-products for use by consumers. The Company's technology is also intended to be applied to other lucrative target plants in the future such as ginseng, saffron, sandalwood and other rare or valuable plants or spices.

To achieve this goal, the Company uses cutting-edge technologies and a multi-disciplinary team of leading Israeli researchers to create an alternative to the targeted plants themselves (initially cannabis) by the de-formulation of the targeted plant, and reformulation of the phytochemical profiles of that targeted plant from other natural sources.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**(US \$ In thousands)**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:**

The significant accounting policies followed in the preparation of the financial statements, on a consistent basis, are:

**Basis of preparation**

This interim financial statements of the company are for the six month period ended June 30, 2017 and are represented in US dollar, which is the presentation and functional currency of the Company. The general purpose interim financial statements have been prepared in accordance with the requirements of International Accounting Standard IAS 34 "Interim Financial Reporting". They do not include all the information required in annual financial statements in accordance with IFRS, and should be read in conjunction with the financial statements of the Company for the period ended December 31, 2016 and any public announcements made by the Company during the six month period in accordance with continuous disclosure requirements arising from the Australian securities exchange listing rules.

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the previous audited financial statements of the company for the period from April 13, 2016 (inception) to December 31, 2016.

During the six month period ended June 30, 2017 the company also applied the following accounting policies:

**Revenue**

Revenue from the sales of goods is recognised when the Company has transferred the significant risks and rewards of ownership to the buyer and it is probable that the Company will receive the previously agreed upon payment. These criteria are considered to be met when the goods are delivered to the buyer. Where the buyer has a right of return, the Company defers recognition of revenue until the right to return has lapsed. However, where high volumes of sales are made to established wholesale customers, revenue is recognised in the period where the goods are delivered less an appropriate provision for returns based on past experience.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**(US \$ In thousands)**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):****Comprehensive loss**

Comprehensive loss, net of related taxes where applicable, includes only net income.

**Issuance costs**

The company allocated the incremental costs that were directly attributable to issuing new shares to equity (net of any income tax benefit) and the costs that were related to the stock market listing, or are otherwise not incremental and directly attributable to issuing new shares, were recorded as an expense in the statement of comprehensive income. Costs that were related to both share issuance and listing were allocated between those functions based on the number of shares.

**Fair value measurement**

The financial instruments presented in the statement of financial position at fair value are grouped into classes with similar characteristics using the following fair value hierarchy that is determined based on the source of input used in measuring fair value:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable either directly or indirectly.
- Level 3 - Inputs that are not based on observable market data (valuation techniques that uses inputs that are not based on observable market data).

**Recognized fair value measurements**

The following table sets out the Company's liabilities that are measured and recognized at fair value in the financial statements:

	<b>Fair value measurements using input type</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Convertible loan as of December 31, 2016	-	(1,401)	-	(1,401)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**(US \$ In thousands)**

**NOTE 3 – CONVERTIBLE LOAN:**

In November 2016, the Company signed a Convertible Loan Agreement ("the Agreement") with a number of investors ("the Lenders") which allowed the Company to borrow up to 1 million AUD. The company borrowed 970 thousands AUD till end of the year 2016. In the year 2017 the company borrowed 30 thousands AUD, according to the Agreement the loan will be mandatory converted to the company's shares at 50% discount with no interest of future initial public offering ("IPO") share price. In case of unsuccessful IPO the Lenders will be entitled to receive their loan amount in addition to 20% interest payment. The Company designated upon initial recognition that the convertible loan will be measured at fair value through profit or loss. Upon the initial public offering ("IPO") that took place in February, 2017 the loan amounted to 1,538 was converted into 10,000,000 shares.

**NOTE 4 - ISSUED CAPITAL:****Movements in fully paid ordinary shares**

	<b>2016</b>	
	<b>Date</b>	<b>Number</b>
<b>Balance at inception</b>	<b>April 13, 2016</b>	5,338,334
Ordinary shares issued upon options exercise	November 21, 2016	472,000
Benefit shares (1:4.913827)	November 24, 2016	28,550,977
<b>Balance at end of the period</b>	<b>December 31, 2016</b>	<b>34,361,311</b>
Conversion of convertible loan	February 10, 2017	10,000,000
Issue of shares upon IPO	February 10, 2017	17,500,000
<b>Balance at end of the period</b>	<b>June 30, 2017</b>	<b>61,861,311</b>

Each Share of the Company confers upon the Shareholder:

- a) The right to one vote at a meeting of the Shareholders of the Company or on any Resolution of Shareholders;
- b) The right to an equal share in any dividend paid by the Company; and
- c) The right to an equal share in the distribution of the surplus assets of the Company on its liquidation.

No dividends have been paid or declared by the Company since the beginning of the current reporting period.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**(US \$ In thousands)**

**NOTE 5 – SHARE BASED PAYMENTS:**

**Performance rights:**

On December 5, 2016, six classes of Performance Rights ("Rights") were approved by shareholders at an Extraordinary General Meeting. The Rights convert to ordinary shares when the attaching milestone is met: 3,000,000 Class A Performance Right milestone requires the volume weighted average price (VWAP) for 20 consecutive trading days of shares equaling or exceeding 40 cents (AUD), The Rights vest immediately as they are market driven.

3,000,000 Class B Performance Right milestone requires the volume weighted average price (VWAP) for 20 consecutive trading days of shares equaling or exceeding 60 cents (AUD), The Rights vest immediately as they are market driven.

15,000,000 Class C Performance Rights require the Company signs binding distribution contracts worth AUD 1.0 million to supply its reconstructed Terpene Profiles within 12 months of admission on the ASX, Holders of Class C Performance Rights will also receive 0.67 Class E Performance right for every Class C Performance Right that vests. 15,000,000 Class D Performance Rights Generates cumulative revenue from the application of the Company's intellectual property relating to the analysis and reconstruction of Terpene Profiles of AUD 3.0 million within 24 months from the date of admission on the ASX. Holders of Class D Performance Rights will also receive 0.67 Class F Performance Right for every Class D Performance Right that vests. 10,111,311 Class E Performance require the Company signs binding distribution contracts worth AUD 2.0 million to supply its reconstructed Terpene Profiles within 18 months of admission on the ASX. 10,111,311 Class F Performance Rights Generates cumulative revenue from the application of the Company's intellectual property relating to the analysis and reconstruction of Terpene Profiles of AUD 6.0 million within 36 months from the date of admission on the ASX. The fair value of performance shares is estimated by using a Monte Carlo simulation, with the assumption that the value of performance shares and the underlying milestones triggering the performance shares are correlated. The expected volatility is 50%. The performance milestone for converting Class A performance rights to shares had been achieved during the six month period ended 30 June, 2017. The Company has not yet to convert the performance rights to shares by the financial statements signing date.

**eSENSE-LAB LIMITED****ARBN 616 2828 703****NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**(US \$ In thousands)****NOTE 6 - LOSS PER SHARE:**

The following reflects income and share data used in the calculation of basic loss per share.

	<b>Period of six month ended June 30, 2017</b>
	<b>Unaudited</b>
Total loss for the period	(1,261)
	<b>No.</b>
Weighted average number of shares in calculating basic loss per share	55,750,200
Loss per share:	(\$ 0.023)

**NOTE 7 - SUBSEQUENT EVENTS:**

On July 25, 2017 the Company has signed a Memorandum of Understanding ("MoU") with a U.S cannabis concentrate producer and product development company, Wild Rogue Extract LLC. Under the terms on the MoU, the Company and Wild Rogue will collaborate in the development and marketing of a new line of cannabidiol based products.