



31 January 2019

Quarterly Activity Report - Period ending 31 December 2018

Australian natural skin care company Skin Elements Limited (ASX: SKN) (Skin Elements, the Company) is pleased to present its Quarterly Activities Report for the period ending 31 December 2018.

Creating a SKNLife

With the acquisition and integration of Macarthur Skincare business now complete, Skin Elements has assessed and streamlined all operations and cost structures to better fit the Company's SKNLife business building plan going forward.

The completion of extension to its internationally award winning Soleo Organics natural sunscreen range and the launch of its PapayaActivs range, Complete Esscience range, and Elizabeth Jane Natural Cosmetics range, now positions Skin Elements to drive sale growth through its SKNLife website and physical distribution network.

Sales Positioned for Growth Momentum

All new products are in progress with manufacturing commenced with our two laboratories Baxter Laboratories in Victoria and Tripak Pharmaceuticals in Queensland.

Potential sales receipts from customers driving into existing channels include:

- **Soleo Organics** - 13,000 units in store equating to \$200,000 in sales.
- **Complete Esscience** - 5,000 units in store equating to \$100,000 in sales.
- **PapayaActivs** - 10,000 in production equating to \$200,000 in sales.

The Company also continues to negotiate sales into new key international markets.

The Company is constantly reviewing its working capital requirements to underwrite the sales growth, with the Board currently considering several capital raising options including private placement under LR7.1 and LR7.1A capacity.

Skin Elements Executive Chairman Mr Peter Malone noted "With prudent cash management Skin Elements has maintained its working capital position over the quarter and will continue to do so over the coming quarter".

Natural Science by Skin Elements

Peter Malone
Executive Chairman
Skin Elements Limited
T: +61 439 430 770
E: peter@senatural.com

Media and Investor Inquiries
James Moses
Mandate Corporate
T: +61 420 991 574
E: james@mandatecorporate.com.au

About Skin Elements

Skin Elements is an Australian owned and operated ASX-listed skin care company focused on the development of natural and organic skin care products, as an alternative to current chemical-based products. It has developed a portfolio of products which includes its lead product, the Soléo Organics 100% natural and organic sunscreen, PapayaActivs natural therapeutics, Complete Esscience natural skincare, and the Elizabeth Jane Natural Cosmetics brand. The Company has completed a highly successful test marketing phase in major international markets for Soléo Organics and has regulatory approval with the USA FDA, TGA and other significant regulators. Skin Elements aims to become the number one recognised national and international sunscreen brand.

Further information is available via the Company website: <http://skinelementslimited.com>



Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity		
Skin Elements Limited		
ABN		Quarter ended ("current quarter")
90 608 047 794		31 December 2018

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	148	250
1.2	Payments for		
	(a) research and development (note 4)	(148)	(665)
	(b) product manufacturing and operating costs	(93)	(159)
	(c) advertising and marketing	(162)	(232)
	(d) leased assets	(35)	(59)
	(e) staff costs	(276)	(463)
	(f) administration costs	(80)	(118)
	(g) corporate costs	(180)	(300)
1.3	Dividends received	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(3)	(3)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	491	491
1.8	Other	-	-
1.9	Net cash from / (used in) operating activities	(338)	(1,258)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) businesses (see note 5)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	364	1,407
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options		-
3.4	Transaction costs related to issues of shares, convertible notes or options	(24)	(130)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
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	340	1,277

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	213	196
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(338)	(1,258)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	340	1,277
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	215	215

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	215	213
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)	215	213

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	(148)
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
Non-executive director remuneration (per the directors agreements)		(82)
Executive directors remuneration (per the service agreement)		(66)

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8.	Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other – Convertible Note Facility (not drawn)	-	-
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Research and development	(105)
9.2	Product manufacturing and operating costs	(110)
9.3	Advertising and marketing	(12)
9.4	Leased assets	(35)
9.5	Staff costs	(100)
9.6	Administration costs	(25)
9.7	Corporate costs	(50)
9.8	Other (provide details if material)	-
9.8	Total estimated cash outflows	(437)

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity	N/A	N/A
10.2	Place of incorporation or registration	N/A	N/A
10.3	Consideration for acquisition or disposal	N/A	N/A
10.4	Total net assets	N/A	N/A
10.5	Nature of business	N/A	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.

Sign here: 
(Company Secretary)

Date: 31 January 2019

Print name: Craig Piercy

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position.
2. This quarterly 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 with the exception of the additional detail presented in item 1.2 above.
3. The Group comprises parent entity Skin Elements Limited (ACN 608 047 794) and wholly owned subsidiary Skin Elements Operations Pty Ltd (ACN 110 352 424) acquired on 31 December 2016.
4. The Group has undertaken research and development activities as part of its on-going operations. The costs associated with the research and development process have been identified and disclosed separately from the additional cost categories such as lease, staff and administration costs
5. The Group has allocated the following costs to corporate costs for the purpose of disclosure under 1.2 above. Accounting, audit, external corporate consulting, share registry and shareholder communication costs.