

ASX ANNOUNCEMENT



ASX Code: ESE

31 July 2018

ESENSE-LAB QUARTERLY ACTIVITIES REPORT – 30 JUNE 2018

Life sciences company **eSense-Lab Ltd** (“eSense” or the “Company”), (ASX:ESE), is pleased to provide a summary of the Company’s activities for the quarter ended 30 June 2018, along with the Appendix 4C.

- *The Company paid strategic-investor MMJ PhytoTech Limited (MMJ) A\$199,000 after the AGM on 30 March 2018, at which shareholders voted against the grant to MMJ of 1.25 million free options exercisable at A\$0.30 per share.*
- *The Company announced board changes including the appointment of Kobi Zecharia and the resignation of Ilan Saad and Eran Gilboa.*
- *The Company announced that it has completed the development of an E-liquid formulation that provides the aroma of various Cannabis strains.*
- *The Company announced that during a first stage laboratory testing of the anti-inflammatory properties of its naturmimetic terpene blends (the "Study") interesting results were discovered that the Company's terpene formulation showed signs of cellular growth arrest, with results showing low cell proliferation. Progress in R&D shows clear antioxidant activity with the Company's terpene strains*
- *The Company announced that it has been approved by the Israeli Ministry of Health for a Cannabis permit. Under the terms of the permit, eSense Lab will be able to perform R&D on Cannabis strains available in Israel, perform comparative research and utilize the Company's proprietary technology in evaluation of the composition of Cannabis strains and replicating them with natural non-cannabis terpenes. Additional applications are now being submitted to approve the Company, under the current permit, to import Cannabis strains from other countries.*
- *Cash on hand at the end of the quarter was US \$951,000.*

FOR FURTHER INFORMATION:

Company Secretary

Ian Pamensky

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About eSense-Lab

eSense-Lab Ltd (ASX: ESE) is a life sciences company specialising in the commercialisation of the phytochemical profiling of plants. The Company combines genetics, mRNA, protein expression and phytochemical profiles to generate a comprehensive model of rare or high value plants. eSense-Lab can then use this model to ‘reverse engineer’ a terpene profile, which is a naturally occurring formulation of different individual terpenes which together account for many of the plant’s health and medical benefits, whilst also exactly replicating the flavour, fragrance and other desired characteristics of the targeted plant, at a more sustainable and cheaper cost

To learn more about eSense-Lab, visit www.esense-lab.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

eSense Lab Limited (ASX:ESE)

ARBN

616 228 703

Quarter ended ("current quarter")

30 June 2018

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (6 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	8	15
1.2 Payments for		
(a) research and development	(59)	(158)
(b) product manufacturing and operating costs	-	(5)
(c) advertising and marketing	(73)	(175)
(d) leased assets	(27)	(61)
(e) staff costs	(118)	(227)
(f) administration and corporate costs	(548)	(681)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	-	(1)
1.6 Income taxes paid	-	
1.7 Government grants and tax incentives	-	
1.8 Other – VAT received	29	82
1.9 Net cash from / (used in) operating activities	(789)	(1,210)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(29)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (6 months) \$US'000
(d) intellectual property	-	-
(e) other non-current assets	-	(3)
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 (see note 3)	-	-
2.5 Other – restricted bank deposits	-	-
2.6 Net cash from / (used in) investing activities	-	(32)

3. Cash flows from financing activities		
3.1 Proceeds from issues of CDIs	-	-
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	-	-
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 (AUD \$199,000 Payment to MMJ Phyto Tech Limited (ASX: MMJ) in consideration for unapproved options)	(151)	(151)
3.10 Net cash from / (used in) financing activities	(151)	(151)

4 Net increase / (decrease) in cash and cash equivalents for the period	(940)	(1,393)
4.1 Cash and cash equivalents at beginning of quarter/year to date	1,934	2,425
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(789)	(1,210)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	(32)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(151)	(151)

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (6 months) \$US'000
4.5	Effect of movement in exchange rates on cash held	(43)	(80)
4.6	Cash and cash equivalents at end of quarter	951*	951*

* Excludes security deposits of \$US165,000 for assets purchased and the company credit cards. These funds are restricted.

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 \$US'000	Previous quarter \$US'000
5.1	Bank balances	951	1,934
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)	951*	1,934*

* Excludes security deposits of \$US165,000 for assets purchased and the company credit cards. These funds are restricted.

6.	Payments to directors of the entity and their associates	Current quarter \$US'000
6.1	Aggregate amount of payments to these parties included in item 1.2	140
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	

Relates to fees paid to the directors and their associates and the remuneration of the CEO.

7.	Payments to related entities of the entity and their associates	Current quarter \$US'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	

None

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
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.		

None

9. Estimated cash outflows for next quarter	\$US'000
9.1 Research and development	(45)
9.2 Product manufacturing and operating costs	(35)
9.3 Advertising and marketing	(70)
9.4 Leased assets	(28)
9.5 Staff costs	(240)
9.6 Administration and corporate costs	(167)
9.7 Other	-
9.8 Total estimated cash outflows	(585)

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

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:
(Director/Company secretary)

Date:31 July 2018.....

Print name:**Ian Pamensky**.....

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. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If 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. If this quarterly 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.