

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

MMJ PHYTOTECH LIMITED (MMJ)

ABN

91 601 236 417

Quarter ended ("current quarter")

30 June 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date ¹ (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	65
1.2 Payments for		
(a) research and development	(123)	(274)
(b) product manufacturing and operating costs	-	(969)
(c) advertising and marketing	(4)	(181)
(d) leased assets	(18)	(149)
(e) staff costs	(317)	(2,898)
(f) administration and corporate costs	(422)	(4,033)
1.3 Dividends received	-	-
1.4 Interest received	86	162
1.5 Interest and other costs of finance paid	(1)	(154)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	199	164
1.9 Net cash from / (used in) operating activities	(600)	(8,267)

¹ The consolidated cashflow for 12 months ended 30 June 2018 consolidates eight months results of the Harvest One Cannabis group of companies as MMJ was deemed for have lost control of Harvest One Cannabis due to dilution of MMJ's percentage shareholding and loss of control of the Harvest One Cannabis board of directors as at 26 February 2018.

Consolidated statement of cash flows		Current quarter \$A'000	Year to date ¹ (12 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(22)	(1,764)
	(b) businesses	-	-
	(c) investments	(8,922)	(14,016)
	(d) intellectual property	-	-
	(e) intangible assets	-	(10)
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses	-	-
	(c) investments	6,073	6,073
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from repayment of intercompany loan	356	356
2.4	Dividends received	-	-
2.5	Other (provide details if material)	-	(22)
2.6	Net cash from / (used in) investing activities	(2,515)	(9,383)

3.	Cash flows from financing activities		
3.1	Proceeds from Harvest One units offering	-	37,869
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	240	2,180
3.4	Payment for monies held in trust	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Other – Proceeds from exercise of warrants	-	18,362
3.8	Other – Proceeds from issue of convertible debentures	-	19,130
3.9	Other (provide details if material)	-	32
3.10	Net cash from / (used in) financing activities	240	77,573

Consolidated statement of cash flows		Current quarter \$A'000	Year to date ¹ (12 months) \$A'000
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	4,291	23,801
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(600)	(8,267)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,515)	(9,383)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	240	77,573
4.5	Effect of movement in exchange rates on cash held	(2)	(603)
4.6	Decrease in cash holding due to loss of control in Harvest One Cannabis Inc.	-	(81,707)
4.7	Cash and cash equivalents at end of quarter	1,414²	1,414

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	1,384	4,261
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Term deposit	30	30
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,414	4,291

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	163
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	

Item 6.1 relates to Director's fees paid to directors as well as legal, company secretarial and office administration fees paid to Director Related entities.

² Comprises cash balances in MMJ and its wholly owned subsidiary PhytoTech Therapeutics Limited.

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	
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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 (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.		
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9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	116
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	281
9.6 Administration and corporate costs	525 ³
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	922

³ Includes estimated \$300,000 costs associated with the sale of MMJ's wholly owned subsidiary PhytoTech Therapeutics Limited to Harvest One Cannabis Inc. including seeking MMJ shareholder approval and MMJ issuing a prospectus as required as part of MMJ becoming an Investment Entity under ASX Listing Rule 1.1. However, MMJ does not intend to conduct a capital raising. Details of the ASX approval process are included in MMJ's announcement to ASX of 25 June 2018.

10.	Acquisitions and disposals of business entities	Acquisitions	Disposals
10.1	Name of entity	-	Harvest One Cannabis Inc.
10.2	Place of incorporation or registration	-	Canada
10.3	Consideration for acquisition or disposal	-	Not applicable – The consolidated cashflow for twelve months ended 30 June 2018 consolidates eight months results of the Harvest One Cannabis group of companies as MMJ was deemed for accounting purposes to have lost control of Harvest One Cannabis due to dilution of MMJ's percentage shareholding and loss of control of the Harvest One Cannabis board of directors as at 26 February 2018.
10.4	Total net assets	-	\$89,759,221 (as at 28 February 2018)
10.5	Nature of business	-	Global cannabis company focused on servicing both the medical and recreational cannabis markets, in Canada and internationally.

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: 23 July 2018

Print name: Erlyn Dale

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.