

**Factor Therapeutics Limited and its Controlled Entities**  
**ABN 45 101 955 088**

**Appendix 4E**  
**(Unaudited) Preliminary Consolidated Final Report**

**Six-month transitional financial year ended**  
31 December 2017

**Results for announcement to the market**

Current Reporting Period: 6-months ended 31 December 2017  
Previous Reporting Period: 12-months ended 30 June 2017

**Change of Financial Year**

On 23 January 2018, the Board of Factor Therapeutics Limited resolved to change the Company's financial year end date from 30 June to 31 December. The change was made to facilitate the Company's preparation for the readout from the VF00102 clinical trial.

The Company made the change in financial year end in accordance with section 323D (2A) of the *Corporations Act 2001 (Cth)*. As a result, the Company will have a six-month transitional financial year beginning on 1 July 2017 and ending on 31 December 2017, and thereafter the Company will revert to a twelve-month financial year, commencing on 1 January and ending on 31 December.

The Company will prepare, and have audited, an annual report for the six-month transitional financial year ended 31 December 2017, prior to the statutory deadline of 31 March 2018.

**Operating and Financial Review on Comparative Period**

The comparative period represented in the Operating and Financial Review below is based on the comparable six-month period as it was considered to be most appropriate.

For statutory purposes, the interim financial report includes comparatives for the year ended 30 June 2017.

				<b>Movement</b>	<b>Dec-17</b>	<b>Dec-16</b>
					<b>\$</b>	<b>\$</b>
Revenue from continuing operations	Down	32%	to		1,532,630	2,255,265
Total income	Down	29%	to		1,594,404	2,255,265
Loss from ordinary activities after tax	Down	111%	to		(2,937,847)	(1,392,576)
Total comprehensive income for the period	Down	111%	to		(2,932,986)	(1,392,490)

**Dividends**

No dividend was proposed or paid during the period.

	<b>31-Dec-17</b>	<b>31-Dec-16</b>
	<b>cents</b>	<b>cents</b>
Earnings/(Loss) Per Share	(0.40)	(0.19)
Net tangible assets per share	0.97	2.02
Dividend per share	-	-

**Brief explanation of income and profit (loss)**

Factor Therapeutics is a clinical-stage life sciences group. The principal activities during the six months to 31 December 2017 were the recruitment of patients into a Phase II efficacy trial of VF001 for the treatment of venous leg ulcers whilst continuing its pipeline expansion program. The change (increase) in loss for the period primarily reflects the costs of the Phase II trial.

	<b>6 months to 31-Dec-17</b>	<b>6 months to 31-Dec-16</b>
	<b>\$</b>	<b>\$</b>
<hr/> <b>Statement of accumulated losses</b>		
Balance at the beginning of the period	(69,854,132)	(64,259,740)
Net loss attributable to members of the parent entity	(2,937,847)	(1,392,576)
Balance at end of the period	(72,791,979)	(65,652,316)

**Audit Status**

The accounts are in the process of being audited and there are no likely disputes or qualifications for the six-month transitional financial year ended 31 December 2017.

**Attachment**

The Preliminary Consolidated Financial Report for the six-month transitional financial year ended 31 December 2017 is attached.

**Attachment to Preliminary Consolidated Final Report (Appendix 4E)  
Preliminary Consolidated Financial Report  
for the Six-month Transitional Financial Year Ended 31 December 2017**

## **Factor Therapeutics Limited**

and its Controlled Entities  
ABN 45 101 955 088

### **Audit Status**

The accounts are in the process of being audited and there are no likely disputes or qualifications for the six-month transitional financial year ended 31 December 2017.

**Consolidated Statement of Profit or Loss and Other Comprehensive Income  
for the Six-month Transitional Financial Year Ended 31 December 2017**

	Note	6 months to 31-Dec-17 \$	12 months to 30-Jun-17 \$
<b>Continuing operations</b>			
R&D tax rebate	3(b)	1,520,094	3,926,466
Interest received		12,536	91,897
Total revenue		1,532,630	4,018,363
Other income	3(a)	61,774	77,398
<b>R&amp;D expenses</b>			
- Research projects		(205,482)	(435,368)
- Manufacturing development costs		(351,170)	(1,108,593)
- Clinical trials expenses		(1,856,876)	(4,360,398)
- Regulatory expenses		(19,799)	(482,244)
- Impairment of inventory		(33,903)	-
- Intellectual property		(117,047)	(201,480)
- Transport and logistics		(63,393)	(149,218)
<b>Corporate and Administration expenses</b>			
- Occupancy expenses		(111,742)	(255,429)
- Employee benefits expense		(862,067)	(1,322,453)
- Consultants		(83,367)	(148,578)
- Administration expenses		(304,754)	(617,310)
- Share based payment expense		(234,054)	(188,401)
- Amortisation of non-current inventory		-	(33,951)
- Depreciation		(20,924)	(42,766)
- Finance costs		(4,239)	(10,199)
- Gains/(Losses) on foreign exchange		(127,876)	(146,035)
- Other expenses		(135,482)	(187,488)
Loss before income tax		(2,937,771)	(5,594,150)
Income tax expense		(76)	(242)
Net loss from continuing operations		(2,937,847)	(5,594,392)
<b>Other comprehensive income</b>			
Items that may be reclassified to profit or loss			
- Exchange differences on translation of foreign operations		4,861	3,429
Total comprehensive income for the year		(2,932,986)	(5,590,963)
Net loss attributable to members of the Company		(2,937,847)	(5,594,392)
Total comprehensive income attributable to members of the Company		(2,932,986)	(5,590,963)
<b>Earnings per share for loss attributable to the ordinary equity holders of the Company:</b>			
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share		(0.40)	(0.77)
Diluted earnings per share		(0.40)	(0.77)

*The accompanying notes form part of these financial statements.*

**Consolidated Statement of Financial Position  
as at 31 December 2017**

	Note	31-Dec-17 \$	30-Jun-17 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		6,642,050	7,016,977
Trade and other receivables		76,037	127,367
Receivable: R&D tax rebate	3(b)	1,172,501	2,760,000
Inventories		-	33,903
Other assets		82,475	165,429
<b>TOTAL CURRENT ASSETS</b>		<b>7,973,063</b>	<b>10,103,676</b>
<b>NON-CURRENT ASSETS</b>			
Inventories		448,617	448,617
Property, plant and equipment		49,100	69,299
Intangible assets		557,250	557,250
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,054,967</b>	<b>1,075,166</b>
<b>TOTAL ASSETS</b>		<b>9,028,030</b>	<b>11,178,842</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	4	1,197,675	638,824
Financial Liabilities		29,523	-
Provisions		156,768	170,688
Other liabilities		30,046	29,964
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,414,012</b>	<b>839,476</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions		3,548	-
Other liabilities		-	29,964
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>3,548</b>	<b>29,964</b>
<b>TOTAL LIABILITIES</b>		<b>1,417,560</b>	<b>869,440</b>
<b>NET ASSETS</b>		<b>7,610,470</b>	<b>10,309,402</b>
<b>EQUITY</b>			
Contributed equity		79,989,793	79,989,793
Reserves		412,656	173,741
Accumulated losses		(72,791,979)	(69,854,132)
<b>TOTAL EQUITY</b>		<b>7,610,470</b>	<b>10,309,402</b>

*The accompanying notes form part of these financial statements.*

**Consolidated Statements of Changes in Equity  
for the Six-month Transitional Financial Year Ended 31 December 2017**

	Share Capital \$	Option Reserve \$	Foreign Exchange Translation Reserve \$	Accumulated Losses \$	Total \$
<b>Balance at 1 July 2016</b>	79,797,977	53,711	(71,800)	(64,259,740)	15,520,148
Comprehensive income:					
- Loss for the year	-	-	-	(5,594,392)	(5,594,392)
- Other comprehensive income for the year	-	-	3,429	-	3,429
<b>Total comprehensive income for the year</b>	-	-	3,429	(5,594,392)	(5,590,963)
Transactions with owners in their capacity as owners, and other transfers:					
- Issue of share capital	200,000	-	-	-	200,000
- Transaction costs	(8,184)	-	-	-	(8,184)
- Share option expense	-	188,401	-	-	188,401
<b>Total transactions with owners and other transfers</b>	191,816	188,401	-	-	380,217
<b>Balance at 30 June 2017</b>	79,989,793	242,112	(68,371)	(69,854,132)	10,309,402
Comprehensive income:					
- Loss for the year	-	-	-	(2,937,847)	(2,937,847)
- Other comprehensive income for the year	-	-	4,861	-	4,861
<b>Total comprehensive income for the year</b>	-	-	4,861	(2,937,847)	(2,932,986)
Transactions with owners in their capacity as owners, and other transfers:					
- Share option expense	-	234,054	-	-	234,054
<b>Total transactions with owners and other transfers</b>	-	234,054	-	-	234,054
<b>Balance at 31 December 2017</b>	79,989,793	476,166	(63,510)	(72,791,979)	7,610,470

*The accompanying notes form part of these financial statements.*

**Consolidated Statement of Cash Flows  
for the Six-month Transitional Financial Year Ended 31 December 2017**

	<b>6 months to 31-Dec-17 \$</b>	<b>12 months to 30-Jun-17 \$</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Rental income received	85,259	87,480
Payments to suppliers and employees	(3,524,644)	(9,061,334)
Interest received	25,884	108,937
R&D tax rebate received	3,107,593	1,529,321
Income tax received (paid)	-	1,274
Net cash provided by/(used in) operating activities	(305,908)	(7,334,322)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	(725)	(23,809)
Net cash provided by/(used in) investing activities	(725)	(23,809)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	-	200,000
Costs of share issue	-	(8,184)
Net cash provided by/(used in) financing activities	-	-
Net increase / (decrease) in cash held	(306,633)	(7,166,315)
Cash and cash equivalents at beginning of year	7,016,977	14,375,591
Effects of exchange rate fluctuations on cash and cash equivalents	(68,294)	(192,299)
Cash and cash equivalents at end of year	6,642,050	7,016,977

*The accompanying notes form part of these financial statements.*

**Notes to the Preliminary Consolidated Financial Report  
for the Six-month Transitional Financial Year Ended 31 December 2017**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**Statement of Compliance**

The preliminary consolidated financial report has been prepared in accordance with ASX Listing Rule 4.3A, the disclosure requirements of ASX Appendix 4E, Australian Accounting Standards and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The preliminary consolidated financial report does not include all the notes of the type normally included in an annual financial report and should be read in conjunction with the last annual financial report for Factor Therapeutics Limited for the year ended 30 June 2017 and any public announcements made by Factor Therapeutics Limited and its controlled entities during the six-month transitional financial year ended 31 December 2017 in accordance with the continuous disclosure requirements of the Listing Rules of the Australian Securities Exchange.

As outlined in Note 2, the Company has changed its financial year end. Accordingly, the Company will prepare an annual report for the six-month transitional financial year ended 31 December 2017 which will be subject to audit. This report is due for lodgment prior to 31 March 2018.

This preliminary consolidated financial report was authorised for issue by the Directors on **22 February 2018**.

**Significant accounting policies**

The accounting policies and methods of computation adopted in the preparation of the preliminary financial report are consistent with those adopted and disclosed in annual financial report for the year ended 30 June 2017. Where appropriate, comparative information is reclassified to enhance comparability.

**NOTE 2: CHANGE OF FINANCIAL YEAR**

On 23 January 2018, the Board of Factor Therapeutics Limited resolved to change the Company's financial year end date from 30 June to 31 December. The change has been made to facilitate the Company's preparation for the readout from the VF00102 clinical trial.

As the current reporting period is a transitional financial year the numbers presented are for the transitional financial year, being six months from 1 July 2017 to 31 December 2017. The comparative period represented is for the last financial year being the twelve months ended 30 June 2017.



**Notes to the Preliminary Consolidated Financial Report  
for the Six-month Transitional Financial Year Ended 31 December 2017**

	<b>6 months to 31-Dec-17 \$</b>	<b>12 months to 30-Jun-17 \$</b>
<b>NOTE 3: OTHER INCOME, R&amp;D TAX REBATE RECEIVABLE</b>		
a) Rent and outgoings received in relation to sublease	61,774	77,398
Total other income	61,774	77,398
b) Movement of R&D tax rebate		
R&D tax rebate revised – prior year	347,593	1,166,466
R&D tax rebate receivable	1,172,501	2,760,000
Incentive – R&D claim revenue	1,520,094	3,926,466
Opening balance of R&D claim incentives receivable	2,760,000	362,855
Under provision in respect of prior year	347,593	-
R&D tax rebate – current year revenue	1,172,501	3,926,466
R&D tax rebate received	(3,107,593)	(1,529,321)
Closing balance of R&D claim incentives receivable	1,172,501	2,760,000

	<b>31-Dec-17 \$</b>	<b>30-Jun-17 \$</b>
<b>NOTE 4: TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Unsecured liabilities		
Trade payables	860,586	437,451
Other payables and accruals	337,089	201,373
	1,197,675	638,824

<b>NOTE 5: COMMITMENTS FOR EXPENDITURE</b>		
Commitments for rental lease, clinical trials and stability study contracted for at the reporting date but not recognised as liabilities payable:		
Within one year	3,153,815	2,856,091
Later than one year but not later than five years	499,405	1,870,226
Later than 5 years	-	-
	3,653,220	4,726,317

**NOTE 6: CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

The Directors are not aware of any contingent liabilities or assets that are likely to have a material effect on the results of the Group at the date of this preliminary financial report.

**Notes to the Preliminary Consolidated Financial Report  
for the Six-month Transitional Financial Year Ended 31 December 2017**

**NOTE 7: EVENTS SUBSEQUENT TO REPORTING DATE**

Subsequent to the balance date, on 23 January 2018, the Board of Factor Therapeutics Limited resolved to change the Company's financial year end date from 30 June to 31 December. The change has been made to facilitate the Company's preparation for the readout from the VF00102 clinical trial. As a result, the Company has a six-month transitional financial year beginning on 1 July 2017 and ending on 31 December 2017. Thereafter, the Company will revert to a twelve-month financial year, commencing on 1 January and ending on 31 December.

No other matters or circumstances have arisen since 31 December 2017 up until the date of this Report which materially affect or may materially affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.