

# Factor Therapeutics Limited

## Appendix 4D and Financial Report

### For half-year ended 30 June 2018

ABN: 45 101 955 088

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## RESULTS FOR ANNOUNCEMENT TO THE MARKET

### Summary of Financial Information

Extracts from this report for announcement to the market:

|   | 6-months to<br>30-Jun-18<br>\$ | 6-months to<br>30-Jun-17<br>\$ | Movement<br>\$ | Movement<br>% |
|---|--------------------------------|--------------------------------|----------------|---------------|
| Revenue/income from continuing operations                             | 197,261                        | 1,763,098                      | (1,565,837)    | -88.81%       |
| Loss after income tax for the half-year attributable to members       | (4,756,980)                    | (4,201,816)                    | (555,164)      | -13.21%       |
| Total comprehensive income for the half- year attributable to members | (4,757,864)                    | (4,198,473)                    | (559,391)      | -13.32%       |

### NTA backing

|  | 30-Jun-18<br>Cents | 30-Jun-17<br>Cents |
|--|--------------------|--------------------|
| Net tangible asset backing per ordinary security | 0.76               | 1.34               |

### Dividends

No dividends were paid or declared since the start of the financial period. No recommendation for payment of dividends has been made.

### Highlights of Results

Refer to the Directors' Report.

## DIRECTORS' REPORT

Your Directors present their report on Factor Therapeutics Limited ("Company") and Controlled Entities, ("Group") for the half-year ended 30 June 2018. The names of Directors in office during the half-year and up to the date of this report are set out below. Directors were in office for the entire period unless noted otherwise.

|                          |                        |
|--------------------------|------------------------|
| Dr Cherrell Hirst        | Chairman               |
| Mr Tim Hughes            | Non-Executive Director |
| Dr Robert Ryan           | Non-Executive Director |
| Mr John Michailidis      | Non-Executive Director |
| Dr Christian Behrenbruch | Non-Executive Director |

## OPERATING RESULTS

- Factor Therapeutics recorded an after-tax loss of \$4,756,980.
- Income of \$160,002 arose from interest earned on funds on deposit and an accrued other income amount of R&D tax rebate for eligible R&D Australian activities undertaken in the period.

## REVIEW OF OPERATIONS

Factor Therapeutics' lead program, VF001, is an advanced biologic product for wound care, based on a platform technology, combining targeted delivery of a biological scaffold with linked growth factors to accelerate the healing process. Other potential applications of the Company's platform technology are currently being developed for chronic wound healing and other dermatology indications.

During the period, the activities of the Company were focussed on four major elements of executing its business strategy:

### 1. Completion of the pivotal VF00102 Phase 2 clinical trial

The primary focus of the Company during the period was successfully completing the pivotal VF00102 Phase 2 clinical trial of VF001 for venous leg ulcer (VLU) healing being conducted at multiple clinical trial sites in the US. Screening of new patients into the trial closed on 29 June 2018 and recruitment was completed on 16 July 2018. Readout from this study is expected during CY Q4 2018 (topline results) and early 2019 (full results) and, if positive, will provide "clinical proof-of-concept" which is recognised by regulators, potential partners and clinicians as a critical milestone in drug development. In anticipation of trial readout, the Company has continued preparatory activities to facilitate a future return to the process of obtaining European CE Mark as a medical device and discussions with the US Food and Drug Administration (FDA) in relation to progressing to Phase 3 development as a new medicine for VLU healing.

### 2. Indication expansion for the lead molecule, VF001

Both VF001 and the Company's underlying technology platform have broad potential utility in a variety of advanced wound care and other dermatology applications. The Company has been investigating the potential use of the product for diabetic foot ulcer (DFU) healing and ocular wound care. During the period under review, the Company's ocular programme progressed through focused preclinical studies, the results of which will help to determine which of three candidate molecules, including VF001, has the potential to move forward into clinical development; and expand protection of the Company's intellectual property (IP).

### 3. Pipeline expansion for the Company's core technology

During the period, work commenced on the VF00X programme, aimed at creating the next generation of products based on the Company's targeted delivery platform technology.

### 4. Business Development

In preparation for the next stage of the Company's development, business development and partnering activities continued in parallel throughout the period and in April 2018, the Company presented at a key US scientific meeting, the Symposium on Advanced Wound Care (SAWC Spring, Charlotte, NC), to highlight the Company's platform technology, design and progress of the Phase 2 study in venous leg ulcers.

#### FINANCIAL REVIEW

- Cash and cash equivalents were \$6,412,683 at 30 June 2018.
- The Company's contributed equity at 30 June 2018 was \$83,822,247.
- R&D tax incentive received in the half-year ended 30 June 2018 was \$1,226,202. This amount was for eligible R&D activities carried out in the period to 31 December 2017.
- The clinical trial expense of \$2,650,069 was incurred during the period in relation to the pivotal VF00102 Phase 2 clinical trial of VF001 for venous leg ulcer healing.
- Additional research and development expenditure of \$397,667 was incurred on collaboration projects exploring potential indication expansion for the lead molecule, VF001, and pipeline expansion for the company's core platform technology.

#### CHANGES TO ISSUED CAPITAL

On 19 April 2018, the Company issued 104,292,850 new shares pursuant to the completion of the 1-for-7, fully underwritten non-renounceable Entitlement Offer that had been announced on 14 March 2018.

#### TOTAL NUMBER OF SHARES AND OPTIONS ON ISSUE

At 30 June 2018, and at the date of this report, the number of ordinary shares of Factor on issue was 834,335,633. The total number of share options on issue was 36,209,320.

#### EVENTS AFTER THE REPORTING PERIOD

There have been no significant events after the Balance Date as at the date of this Report.

#### AUDITOR'S DECLARATION

The auditor's independence declaration under section 307C of the Corporations Act 2001 is attached to this Directors' Report for the half-year ended 30 June 2018.

Signed in accordance with a resolution of the Board of Directors.



Cherrell Hirst, AO  
**Chairman**

Brisbane, 23 August 2018

AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF FACTOR THERAPEUTICS LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 30 June 2018, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

PKF Hacketts

PKF HACKETTS AUDIT



SHAUN LINDEMANN  
PARTNER

23 AUGUST 2018  
BRISBANE

## HALF-YEAR FINANCIAL STATEMENTS

### Consolidated Statement of Profit or Loss and Other Comprehensive Income

|   | Note | 6 months to<br>30-Jun-18<br>\$ | 6 months to<br>30-Jun-17<br>\$ |
|---|------|--------------------------------|--------------------------------|
| <b>Continuing operations</b>                                      |      |                                |                                |
| R&D tax rebate  | 2(a) | 160,002                        | 1,730,098                      |
| Interest received   |      | 37,259                         | 33,000                         |
| Total revenue   |      | 197,261                        | 1,763,098                      |
| Other income  | 2(b) | 61,942                         | 77,398                         |
| <b>R&amp;D expenses</b>   |      |                                |                                |
| - Research projects   |      | (397,667)                      | (329,861)                      |
| - Manufacturing development costs                                 |      | (250,956)                      | (471,377)                      |
| - Clinical trial expenses   |      | (2,650,069)                    | (3,254,751)                    |
| - Regulatory expenses   |      | (38,610)                       | (57,741)                       |
| - Intellectual property   |      | (115,765)                      | (104,767)                      |
| - Transport & logistics   |      | (69,197)                       | (42,920)                       |
| <b>Corporate and Administration expenses</b>                      |      |                                |                                |
| - Occupancy expenses  |      | (140,336)                      | (165,541)                      |
| - Employee benefits expense                                       |      | (744,463)                      | (679,210)                      |
| - Consultants   |      | (76,906)                       | (119,540)                      |
| - Administration expense  |      | (258,086)                      | (256,806)                      |
| - Share-based payment expense                                     |      | (219,846)                      | (81,278)                       |
| - Depreciation  |      | (21,017)                       | (21,890)                       |
| - Finance costs   |      | (6,476)                        | (4,396)                        |
| - Gains/(Losses) on foreign exchange                              |      | 58,092                         | (384,587)                      |
| - Other expenses  |      | (84,881)                       | (67,944)                       |
| <b>Loss before income tax expense</b>                             |      | <b>(4,756,980)</b>             | <b>(4,202,113)</b>             |
| Income tax benefit  |      | -                              | 297                            |
| <b>Net loss after tax</b>   |      | <b>(4,756,980)</b>             | <b>(4,201,816)</b>             |
| <b>Other comprehensive income items</b>                           |      |                                |                                |
| Items that may be reclassified to profit or loss                  |      |                                |                                |
| - Exchange differences on translation of foreign operations       |      | (884)                          | 3,343                          |
| <b>Total comprehensive income for the period</b>                  |      | <b>(4,757,864)</b>             | <b>(4,198,473)</b>             |
| Loss attributable to members of the Company                       |      | <b>(4,756,980)</b>             | <b>(4,201,816)</b>             |
| Total comprehensive income attributable to members of the Company |      | <b>(4,757,864)</b>             | <b>(4,198,473)</b>             |
| <b>Earnings per share</b>   |      | <b>Cents</b>                   | <b>Cents</b>                   |
| Basic earnings per share  | 9    | (0.62)                         | (0.58)                         |
| Diluted earnings per share  | 9    | (0.62)                         | (0.58)                         |

The accompanying notes form part of these financial statements.

## Consolidated Statement of Financial Position

|                                      | Note | 30-Jun-18<br>\$  | 31-Dec-17<br>\$  |
|--------------------------------------|------|------------------|------------------|
| <b>Current assets</b>                |      |                  |                  |
| Cash and cash equivalents            | 4    | 6,412,683        | 6,642,050        |
| Trade and other receivables          |      | 68,867           | 76,037           |
| Receivable – R&D tax rebate          |      | 106,301          | 1,172,501        |
| Other assets                         |      | 125,893          | 82,475           |
| <b>Total current assets</b>          |      | <b>6,713,744</b> | <b>7,973,063</b> |
| <b>Non-current assets</b>            |      |                  |                  |
| Inventories                          | 5    | 448,617          | 448,617          |
| Property, plant and equipment        |      | 30,956           | 49,100           |
| Intangible assets                    | 6    | 557,250          | 557,250          |
| <b>Total non-current assets</b>      |      | <b>1,036,823</b> | <b>1,054,967</b> |
| <b>Total assets</b>                  |      | <b>7,750,567</b> | <b>9,028,030</b> |
| <b>Current liabilities</b>           |      |                  |                  |
| Trade and other payables             |      | 670,031          | 1,197,675        |
| Derivative Financial Instruments     |      | -                | 29,523           |
| Provisions                           |      | 153,681          | 156,768          |
| Other liabilities                    |      | 15,187           | 30,046           |
| <b>Total current liabilities</b>     |      | <b>838,899</b>   | <b>1,414,012</b> |
| <b>Non-current liabilities</b>       |      |                  |                  |
| Provisions                           |      | 6,762            | 3,548            |
| <b>Total non-current liabilities</b> |      | <b>6,762</b>     | <b>3,548</b>     |
| <b>Total liabilities</b>             |      | <b>845,661</b>   | <b>1,417,560</b> |
| <b>Net assets</b>                    |      | <b>6,904,906</b> | <b>7,610,470</b> |
| <b>Equity</b>                        |      |                  |                  |
| Contributed equity                   | 7    | 83,822,247       | 79,989,793       |
| Reserves                             |      | 631,618          | 412,656          |
| Accumulated losses                   |      | (77,548,959)     | (72,791,979)     |
| <b>Total equity</b>                  |      | <b>6,904,906</b> | <b>7,610,470</b> |

The accompanying notes form part of these financial statements.

## Consolidated Statement of Changes in Equity

|   | Reserves          |                |                                      |                     |                   |
|---|-------------------|----------------|--------------------------------------|---------------------|-------------------|
|   | Share Capital     | Option Reserve | Foreign Exchange Translation Reserve | Accumulated Losses  | Total             |
|   | \$                | \$             | \$                                   | \$                  | \$                |
| <b>Total equity at 1 January 2017</b>       | 79,995,502        | 160,834        | (71,714)                             | (65,652,316)        | 14,432,306        |
| Comprehensive income:                       |                   |                |                                      |                     |                   |
| - Loss for the period                       | -                 | -              | -                                    | (4,201,816)         | (4,201,816)       |
| - Other comprehensive income for the period | -                 | -              | 3,343                                | -                   | 3,343             |
| Total comprehensive income for the period   | -                 | -              | 3,343                                | (4,201,816)         | (4,198,473)       |
| Transactions with owners in their capacity  |                   |                |                                      |                     |                   |
| - Contributions of equity                   | -                 | -              | -                                    | -                   | -                 |
| - Transaction costs                         | (5,709)           | -              | -                                    | -                   | (5,709)           |
| - Employee share options                    | -                 | 81,278         | -                                    | -                   | 81,278            |
| - Option reserve lapsed/expired             | -                 | -              | -                                    | -                   | -                 |
| Total transactions with owners              | (5,709)           | 81,278         | -                                    | -                   | 75,569            |
| <b>Total equity at 30 June 2017</b>         | <b>79,989,793</b> | <b>242,112</b> | <b>(68,371)</b>                      | <b>(69,854,132)</b> | <b>10,309,402</b> |
| <b>Total equity at 1 January 2018</b>       | 79,989,793        | 476,166        | (63,510)                             | (72,791,979)        | 7,610,470         |
| Comprehensive income:                       |                   |                |                                      |                     |                   |
| - Loss for the period                       | -                 | -              | -                                    | (4,756,980)         | (4,756,980)       |
| - Other comprehensive income for the period | -                 | -              | (884)                                | -                   | (884)             |
| Total comprehensive income for the period   | -                 | -              | (884)                                | (4,756,980)         | (4,757,864)       |
| Transactions with owners in their capacity  |                   |                |                                      |                     |                   |
| - Contributions of equity                   | 4,171,714         | -              | -                                    | -                   | 4,171,714         |
| - Transaction costs                         | (339,260)         | -              | -                                    | -                   | (339,260)         |
| - Employee share options                    | -                 | 219,846        | -                                    | -                   | 219,846           |
| - Option reserve lapsed/expired             | -                 | -              | -                                    | -                   | -                 |
| Total transactions with owners              | 3,832,454         | 219,846        | -                                    | -                   | 4,052,300         |
| <b>Total equity at 30 June 2018</b>         | <b>83,822,247</b> | <b>696,012</b> | <b>(64,394)</b>                      | <b>(77,548,959)</b> | <b>6,904,906</b>  |

The accompanying notes form part of these financial statements.



## Consolidated Statement of Cash Flows

|  | Note | 6 months to<br>30-Jun-18<br>\$ | 6 months to<br>30-Jun-17<br>\$ |
|--|------|--------------------------------|--------------------------------|
| <b>Cash flows related to operating activities</b>                  |      |                                |                                |
| Receipts from customers  |      | 61,942                         | 87,480                         |
| Payments to suppliers and employees                                |      | (5,451,945)                    | (5,603,087)                    |
| Interest received  |      | 32,501                         | 49,022                         |
| R&D tax rebate received  |      | 1,226,202                      | -                              |
| Income tax received (paid)   |      | (245)                          | 7,077                          |
| <b>Net cash provided by/(used in) operating activities</b>         |      | <b>(4,131,545)</b>             | <b>(5,459,508)</b>             |
| <b>Cash flows related to investing activities</b>                  |      |                                |                                |
| Payment for property, plant and equipment                          |      | (2,873)                        | 1,501                          |
| <b>Net cash provided by/(used in) investing activities</b>         |      | <b>(2,873)</b>                 | <b>1,501</b>                   |
| <b>Cash flows related to financing activities</b>                  |      |                                |                                |
| Proceeds from issues of shares and other equity securities         |      | 4,171,714                      | -                              |
| Cost of share issue  |      | (339,260)                      | (5,709)                        |
| <b>Net cash provided by/(used in) financing activities</b>         |      | <b>3,832,454</b>               | <b>5,709</b>                   |
| <b>Net increase / (decrease) in cash held</b>                      |      | <b>(301,964)</b>               | <b>(5,463,716)</b>             |
| Cash and cash equivalents at beginning of period                   |      | 6,642,050                      | 12,673,078                     |
| Effects of exchange rate fluctuations on cash and cash equivalents |      | 72,597                         | (192,385)                      |
| <b>Cash and cash equivalents at end of period</b>                  | 4    | <b>6,412,683</b>               | <b>7,016,977</b>               |

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

## Condensed Notes to the Financial Statements

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated interim financial statements and notes represent those of Factor Therapeutics Limited ("Company") and controlled entities ("Group").

Factor Therapeutics Limited is a public company incorporated and domiciled in Australia.

The financial statements were authorised for issue on 23 August 2018 by the Directors of the Company.

#### Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 30 June 2018 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134 *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This half-year financial report is intended to provide users with an update on the latest annual financial statements of the group. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the group. It is therefore recommended that this half-year financial report be read in conjunction with the annual financial statements of the group for the six-month transitional financial year ended 31 December 2017, together with any public announcements made during the half-year.

#### Accounting Policies

The same accounting policies and methods of computation have been followed in this half-year financial report as were applied in the most recent annual financial statements.

The group has considered the implications of new or amended Accounting Standards, but determined that their application to the financial statements is either not relevant or not material.

#### Critical Accounting Estimates and Judgments

All critical estimates and judgments are consistent with those applied and disclosed in the 31 December 2017 annual report, except in relation to the matter discussed below.

#### Key Estimates – Incentives – R&D Claim

The company is entitled to claim a refundable tax offset for certain research and development activities under Division 355 of the *Income Tax Assessment Act 1997* as modified by the *Budget Savings (Omnibus) Act 2016*. Significant judgment is required in determining the claimable amount of the R&D expenses. There are many transactions and calculations undertaken during the ordinary course of business for which the R&D claim determination is uncertain. The company recognises assets for its anticipated R&D claim based on the company's understanding of the tax law, in particular *section 27A, 28A and 28C Industry Research and Development Act 1986*. Where the final R&D claim outcome of these matters is different from the carrying amounts, the difference will impact the current R&D claim in the period in which such determination is made.

#### Going Concern

The Group has recorded a current asset surplus of \$5,874,845 (31 December 2017: \$6,559,051), including cash and cash equivalents totalling \$6,412,683 (31 December 2017: \$6,642,050) as at 30 June 2018. The consolidated entity recorded a net loss from continuing operations after tax of \$3,650,827 (30 June 2017: \$4,201,816), and experienced net cash outflows from operating activities of \$4,131,545 (30 June 2017: \$5,459,508) for the half-year ended 30 June 2018. The ability of the Group to continue as a going concern and meet its strategic objectives in the mid- to long-term is principally dependent upon obtaining additional funds for continuing research and development expenditure and other principal activities.

The Directors are satisfied that adequate funding will be available to achieve the Company's key objectives (principally completion and delivery of results of the Phase 2 study VF00102); and that a positive trial readout will support additional financing to continue progressing towards milestones occurring in the latter part of the coming twelve-month period.

## Condensed Notes to the Financial Statements

| Note | 6 months to<br>30-Jun-18<br>\$ | 6 months to<br>30-Jun-17<br>\$ |
|------|--------------------------------|--------------------------------|
|------|--------------------------------|--------------------------------|

### NOTE 2: OTHER INCOME, R&D TAX REBATE RECEIVABLE

#### a) Movement of R&D tax rebate

|  |   |         |           |
|--|---|---------|-----------|
| R&D tax rebate receivable <sup>i</sup> | 8 | 106,301 | 1,730,098 |
| Under provision in prior years         |   | 53,701  | -         |
| Incentive – R&D claim revenue          |   | 160,002 | 1,730,098 |

- (i) In prior years, the Company has included a provision at the half-year for R&D tax rebate for both eligible Australian and overseas R&D activities in the period. In consideration of the complex nature of the R&D tax ruling for overseas activities as the Company approaches the end of its current advanced finding on Phase 2 clinical development, in the current period, the Company has included a provision only for eligible Australian R&D activities. The Company will undertake a detailed review at 31 December 2018 for anticipated R&D tax rebate for eligible overseas R&D activities undertaken in the full year to 31 December 2018.

#### b) Other Income

|   |        |        |
|---|--------|--------|
| Rent and outgoings received in relation to sublease | 59,942 | 77,398 |
| QUT funding   | 2,000  | -      |
| Total other income                                  | 61,942 | 77,398 |

### NOTE 3: SEGMENT INFORMATION

Operating segments are identified, and segment information disclosed, on the basis of internal reports that are regularly provided to, or reviewed by, the company's chief operating decision maker, which, for the company, is the Board of Directors. In this regard, the Board of Directors confirms that the company continues to operate in one operating segment, being biotechnology.

| 30-Jun-18<br>\$ | 31-Dec-17<br>\$ |
|-----------------|-----------------|
|-----------------|-----------------|

### NOTE 4: CASH AND CASH EQUIVALENTS

|   |                  |                  |
|---|------------------|------------------|
| Cash at bank  | 2,548,893        | 3,801,171        |
| Short term bank deposits – at call                      | 3,863,790        | 2,840,879        |
| <b>Total cash and cash equivalents at end of period</b> | <b>6,412,683</b> | <b>6,642,050</b> |

### NOTE 5: INVENTORIES

#### Non-current

|                                    |         |         |
|------------------------------------|---------|---------|
| VF001 – Work-in-progress – at cost | 448,617 | 448,617 |
|------------------------------------|---------|---------|

VF001 work-in-progress includes concentrated VF001 protein, production cells and reference protein.

## Condensed Notes to the Financial Statements

30-Jun-18  
\$

31-Dec-17  
\$

### NOTE 6: INTANGIBLE ASSETS

Licenses, patents and intellectual property – at cost

557,250

557,250

Licenses, patents and intellectual property are assessed to have finite useful lives. Amortisation shall begin when the asset is available for use, that is, when the Group commences commercial operations. There are no amortisation charges for licenses and patents for the current or prior financial periods.

### NOTE 7: ISSUED AND QUOTED SECURITIES AT END OF CURRENT PERIOD

|   | 30-Jun-18<br>Number | 30-Jun-18<br>\$ | 31-Dec-17<br>Number | 31-Dec-17<br>\$ |
|---|---------------------|-----------------|---------------------|-----------------|
| Ordinary Shares fully paid  | 834,335,633         | 83,822,247      | 730,042,783         | 79,989,793      |
| <b>Movements in shares on issue</b>   |                     |                 |                     |                 |
| Balance at beginning of period  | 730,042,783         | 79,989,793      | 730,042,783         | 79,989,793      |
| Ordinary shares issued under non-Renounceable Entitlement Offer, 19 April 2018 @ \$0.04 | 104,292,850         | 4,171,714       | -                   | -               |
| Transaction costs   | -                   | (339,260)       | -                   | -               |
| Balance at end of year  | 834,335,633         | 83,822,247      | 730,042,783         | 79,989,793      |

### NOTE 8: CONTINGENT ASSETS AND LIABILITIES

Management has not yet finalised its considerations regarding the recoverability of the Company's overseas R&D spending via the ATO's R&D tax incentive. Therefore, as at 30 June 2018, a receivable has only been recognised in relation to expenditure incurred in Australia. Directors are of the opinion that it is probable that the ultimate inflow of economic benefits will exceed those recognised at 30 June 2018; however it is not possible to reliably determine the amount as at the date of this report.

Directors are not aware of any other contingent assets or liabilities that are likely to have a material effect on the results of the Company as disclosed in these financial statements.

## Condensed Notes to the Financial Statements

|  | 6 months to<br>30-Jun-18<br>\$ | 6 months to<br>30-Jun-17<br>\$ |
|--|--------------------------------|--------------------------------|
| <b>NOTE 9: EARNINGS PER SECURITY ("EPS")</b>   |                                |                                |
| Loss after income tax benefit attributable to the Company  | 4,756,980                      | 4,201,816                      |
| Weighted average number of shares used as the denominator  | <b>No.</b>                     | <b>No.</b>                     |
| Weighted average number of ordinary shares outstanding during the period used in calculation of Basic EPS              | 772,105,645                    | 730,042,783                    |
| Weighted average number of options outstanding which are considered potentially dilutive                               | -                              | -                              |
| Weighted average number of potential ordinary shares outstanding during the period used in calculation of Dilutive EPS | 772,105,645                    | 730,042,783                    |

The diluted EPS calculation includes that portion of these options considered to be potentially dilutive, weighted with reference to the date of conversion.

|                            | Cents  | Cents  |
|----------------------------|--------|--------|
| Basic earnings per share   | (0.62) | (0.58) |
| Diluted earnings per share | (0.62) | (0.58) |

## NOTE 10: EVENTS OCCURRING AFTER THE BALANCE DATE

No matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

## NOTE 11: DIVIDENDS

No dividend has been paid during the half-year ended 30 June 2018. As at 30 June 2018 and up until the date of this report, the Directors have made no recommendation concerning dividends for the half-year, or any period thereafter.

## DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 13 are in accordance with the Corporations Act 2001, including:
  - a. complying with Accounting Standard AASB 134 *Interim Financial Reporting*; and
  - b. giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the half-year ended on that date.
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

## FACTOR THERAPEUTICS LIMITED



Cherrell Hirst  
**CHAIRMAN**

Brisbane, 23 August 2018

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF FACTOR THERAPEUTICS LIMITED

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the accompanying half-year financial report of Factor Therapeutics Limited ("the Company"), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the half-year's end or from time to time during the period.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Factor Therapeutics Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. In accordance with the *Corporations Act 2001*, we have given the directors of the company a written Auditor's Independence Declaration.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations*

*Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Factor Therapeutics Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, 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 Australian Auditing Standards 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.



PKF HACKETTS AUDIT



SHAUN LINDEMANN  
PARTNER

23 AUGUST 2018  
BRISBANE