



30 April 2019

Company Announcements Office
Australian Securities Exchange

QUARTERLY REPORT – APPENDIX 4C

In accordance with ASX Listing Rule 4.7B, Vectus Biosystems Limited (Vectus or the Company) attaches its March 2019 Quarterly Report – Appendix 4C.

Commentary on Activities for the March 2019 Quarter

Research

Data on Vectus' studies on its models of liver fibrosis, which shows important parallels to human liver cirrhosis of all aetiologies (both alcoholic and non-alcoholic) – an accumulation of both collagen IV and fibronectin – and drivers that include the intrahepatic renin angiotensin system and osteopontin, are being compiled for presentation to a number of pharmaceutical companies with a view to obtaining support for further work on the Company's A32 compound. The results of this work validate the A32 compound as an effective therapeutic candidate for the treatment of hepatic fibrosis.

Patents

Vectus' intellectual property portfolio continues to grow, both in terms of scope and the increasing number of granted patents targeting high-value unmet needs across multiple disease states in major international territories. The patent for VB0004 has been granted in all major jurisdictions. The Company has also received granted patents, or applied for patents, to protect its library of compounds addressing liver fibrosis, including non-alcoholic steatohepatitis and alcoholic steatohepatitis (VB4-A32), pulmonary fibrosis, including idiopathic fibrosis, asbestosis and coal dust pneumoconiosis (Black Lung Disease) (VB4-A79), and renal fibrosis (VB4-P5).

Trade Engagement

Vectus continues its dialogue with a cross-section of global and mid-size pharmaceutical companies. Feedback from these industry leaders remains very positive for the potential for significant transactions upon a successful Phase I human trial for VB0004.

Accugen

A number of new researchers have been signed up from key opinion leaders to incorporate Accugen's AccuCal and RealCount into their experiments as part of the pre-marketing evaluations. Initial feedback from users has been positive and commercialisation work for the product continues.

Finance

The Company continues to evaluate a number of options to address its future capital requirements, and the funding of its future research and development (R&D), and product commercialisation programme. The R&D cash-back for the 2017-18 financial year of \$899,943 was received in January 2019. Vectus remains in active dialogue with potential investors, and a number of brokers and providers of other sources of funding, and is in strategic discussions with potential trade partners. As an interim measure, the Company is utilising a loan from one of its Directors and support from other Directors. As previously noted, Vectus can reduce its operating expenses to quite modest levels if required. The Company maintains a dual focus on raising additional working capital, together with sufficient funds to complete the Phase I human trial for VB0004, which, if successful, could lead to multiple international licensing opportunities.

Vectus Biosystems Limited

Karen Duggan

Chief Executive Officer and Executive Director

VECTUS BIOSYSTEMS LIMITED ABN 54 117 526 137

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About Vectus Biosystems Limited

Vectus Biosystems Limited (Vectus or the Company) is developing a treatment for fibrosis and high blood pressure, which includes the treatment for three of the largest diseases in the fibrotic market, namely heart, kidney and liver disease. Vectus successfully completed its Initial Public Offering (IPO) on the Australian Securities Exchange (ASX:VBS) and commenced trading on ASX on 23 February 2016, after raising A\$5.1 million. Funds from the IPO are being used to develop the Company's lead compound VB0004, which aims to treat the hardening of functional tissue and high blood pressure. Vectus has conducted a range of successful pre-clinical trials, which have shown that VB0004 slows down the advances of fibrosis, potentially repairs damaged cell tissue and reduces high blood pressure. VB0004 is now progressing through a number of important milestones, including pharmaceutical scale-up and additional toxicity studies. Successful results are providing the Company with a clear path to Human Phase I and IIa Clinical Trials. Vectus' strategy is to develop and perform early validation of its drug candidates to the point where they may become commercially attractive to potential pharmaceutical partners.

The Company has also developed technology aimed at improving the speed and accuracy of measuring the amount of DNA and RNA in samples tested in laboratories. The technology, called Accugen, is owned by Vectus' wholly-owned subsidiary, Accugen Pty Limited. The technology offers a time, cost and accuracy benefit compared to currently-available systems. The Company's current stage of investment in Accugen is a commercialisation programme that may include direct sales, distribution partnerships and licensing opportunities.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Name of entity

Vectus Biosystems Limited

ABN

54 117 526 137

Quarter ended ("current quarter")

31 March 2019

Consolidated statement of cash flows

1 Cash flows from operating activities

	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) patent and research expenses	(169)	(665)
(b) staff costs and directors' fees	(117)	(412)
(c) occupancy cost	-	-
(d) corporate overheads	(5)	(71)
(e) legal and professional fees	(21)	(55)
(f) other operating costs, including working capital	(23)	(70)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	(1)	(72)
1.6 Income tax refund received (including R&D Tax Offset)	900	900
1.7 Government grants and tax incentives	-	-
1.8 Others (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	564	(445)

	Current quarter \$A'000	Year to date (9 months) \$A'000
2 Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
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 issue of shares	-	-
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	178	1,155
3.6 Repayment of borrowings	(750)	(750)
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	(573)	405
4 Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year	10	42
4.2 Net cash from / (used in) operating activities (item 1.9 above)	564	(445)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(573)	405
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of quarter	2	2

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

5.1 Cash on hand and at bank

5.2 Term Deposits

5.3 Bank overdrafts

5.4 Other (provide details)

5.5 Cash and cash equivalents at end of quarter (item 4.6)

Current quarter \$A'000	Previous quarter \$A'000
2	10
-	-
-	-
-	-
2	10

6 Payments to directors of the entity and their associates

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of loans to these parties included in item 2.3

6.3 Explanation necessary for an understanding of these transactions

Salaries paid to Karen Duggan, Executive Director and Chief Executive Officer

Directors' fees paid to Non-Executive Directors:

Graham Macdonald

Ron Shnier

Peter Bush

Susan Pond

TOTAL

Current quarter \$A'000
4
-

4
-
-
-
-
-

7 Payments to related entities of the entity and their associates

7.1 Aggregate amount of payments to these parties included in item 1.2

7.2 Aggregate amount of loans to these parties included in item 2.3

7.3 Explanation necessary for an understanding of these transactions

Corporate overheads, administration and laboratory supplies expenses paid to Regional Healthcare Group Pty Ltd of which Messrs M Stang and B Stang are Directors.

Current quarter \$A'000
-
-

-

8 Financing facilities available

Add notes as necessary for an understanding of the position.

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.

Not applicable

Total facility \$A'000	Amount drawn \$A'000
-	-
-	-
-	-

9 Estimated cash outflows for next quarter

9.1 patent and research expenses

9.2 staff costs and directors' fees

9.3 occupancy cost

9.4 corporate overheads

9.5 legal and professional fees

9.6 other operating costs, including working capital

9.7 Total estimated cash outflows

\$A'000
200
150
30
30
20
10
440

10 Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)

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

Acquisitions	Disposals
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: *Robert Waring*

(Director/Company Secretary)

Print name: **Robert J Waring**

Date: **30 April 2019**