



Appendix 4C – September 2019 Quarter and Shareholder Update

Dear Shareholders

On behalf of the Board of Factor Therapeutics (“Factor”) I am writing to provide continuing information regarding our ongoing efforts to bring an appropriate business into Factor. We are seeking a life sciences opportunity in clinical-stage (or very near to clinical-stage) and which we can be reasonably confident will generate a positive investment outcome for you, our Shareholders, over time. At this stage, the Board’s focus remains on opportunities in the biotechnology and life sciences sector however opportunities from a wider industry base have been considered with detailed due diligence being conducted on at least one such opportunity.

As Shareholders will know, since the announcement of the Phase 2 clinical trial result in November 2018, the Company has been actively seeking such a new business opportunity with the focussed goal of achieving the best available outcome for the Company and its Shareholders. We continue to consider a large number of opportunities, including those which have been brought to our attention from outside sources, with that goal in mind. We have progressed a small number of opportunities through deep due diligence but have declined to proceed to a transaction due to usual considerations required to satisfy final conditions of such matters, such as agreed relative valuations and/or limitations with the technology itself.

The Board appreciates the length of time taken in these activities, however is firmly of the view that the depth of the diligence process as well as agreement on the value of a transaction and the commercial potential of any new business are of fundamental importance to the Company’s next stage. We therefore continue to work for an outcome which we believe will meet Shareholder approval and provide opportunity to restore value to the Company.

The Company continues to manage its resources, including cash, in a responsible way, as can be seen in the Appendix 4C for the September 2019 quarter which is attached.

At the end of the quarter the company held cash reserves of \$3.138 million, with operating outflows during the quarter of \$225k. Amounts under R&D include full and final payments related to the Phase 2 clinical trial. Amounts under corporate and administration include compliance costs associated with the half-year review, the annual listing fee, share registry and corporate consulting services. Staff costs represent payment of non-executive director fees.

As always, we are pleased to talk to shareholders at any time. You may contact us through our Company Secretary via m.farris@factor-therapeutics.com.

Sincerely,

A handwritten signature in blue ink, appearing to read "CH", with a stylized flourish at the end.

Dr. Cherrell Hirst
Chairman
2 October 2019

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/3/00. Amended 30/9/01, 24/10/05, 17/12/10, 1/09/16

Name of entity

FACTOR THERAPEUTICS LIMITED

ABN

45 101 955 088

Quarter ended ("current quarter")

30-September-2019

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	5
1.2 Payments for		
(a) research and development	(53)	(1,520)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(20)	(124)
(f) administration and corporate costs	(154)	(742)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	4
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	2,529
1.8 Other (provide details if material)	-	12
Bond refund		
1.9 Net cash from/(used in) operating activities	(225)	164

2. Cash flows from investing activities

2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter	Year to date
	\$A'000	(6 months)
		\$A'000
(d) intellectual property	-	-
(e) other non-current assets	-	-
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 (provide details if material)	-	-
2.6 Net cash from/(used in) investing activities	-	-
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	417
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	-	(61)
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 (provide details if material)	-	-
3.10 Net cash from/(used in) financing activities	-	356
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	3,360	2,598
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(225)	164
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)	-	356

Consolidated statement of cash flows		Current quarter	Year to date (6 months)
		\$A'000	\$A'000
4.5	Effect of movement in exchange rates on cash held	3	20
4.6	Cash and cash equivalents at end of quarter	3,138	3,138

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	Previous quarter
		\$A'000	\$A'000
5.1	Bank Balances	2,992	3,218
5.2	Call deposits	146	142
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)	3,138	3,360

6. Payments to directors of the entity and their associates		Current quarter
		\$A'000
6.1	Aggregate amount of payments to the parties included in item 1.2	(26)
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	
Payments to directors consists only of directors fees. Amounts in 6.1 includes PAYG amounts withheld in the quarter.		

7. Payments to related entities of the entity and their associates		Current quarter
		\$A'000
7.1	Aggregate amount of payments to the 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	

8. Financing facilities available
Add notes as necessary for an understanding of the position

Total facility amount at quarter end \$A'000	Total 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

- 9.1 Research and development
- 9.2 Product manufacturing and operating costs
- 9.3 Advertising and marketing
- 9.4 Leased assets
- 9.5 Staff costs
- 9.6 Administration and corporate costs
- 9.7 Other - Transaction costs related to issue of shares
- 9.8 **Total estimated cash outflows**

	\$A'000
	-
	-
	-
	-
	-
	-

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: Original signed 
(Company Secretary)

Date: 02-October-2019

Print name: Melanie Farris

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.