225 - 1 PLACE DU COMMERCE, VERDUN, QUEBEC H3E 1A2

March 4, 2019

VIA SEDAR

Autorité des marchés financiers
Ontario Securities Commission
Alberta Securities Commission
British Colombia Securities Commission

Dear Sirs and Mesdames,

Re: Medexus Pharmaceuticals Inc. ("Medexus") SEDAR re-filing of Interim Financial Statements and Interim MD&A

Medexus is re-filing its condensed consolidated interim financial statements and associated management discussion and analysis ("**MD&A**") for the interim period ended December 31, 2018. Enclosed herewith are the re-filed financial statements.

The originally filed financial statements and MD&A, which were filed on February 25, 2019, contained incorrect figures relating to selling and administrative expenses for the period ended December 31, 2017 as a result of an administrative error. The correction was made to both the financial statements and MD&A to reflect the numbers as previous disclosed accurately in 2017. The correction in the financial statements only impacted note 9 of the financial statements and does not impact any of the amounts in the Condensed Interim Consolidated Statements of Cash Flows, Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss), Condensed Interim Consolidated Statements of Changes in Shareholders' Equity, the Condensed Interim Consolidated Statements of Financial Position, or any of the other notes to the financial statements. No other significant changes have been made to the financial statements or MD&A.

Sincerely,

MEDEXUS PHARMACEUTICALS INC.

/s/"Roland Boivin"

Roland Boivin
Chief Financial Officer

Medexus Pharmaceuticals Inc.

(formerly known as Pediapharm Inc.)

Condensed Interim Consolidated Financial Statements (unaudited)

For the three- and nine-month periods ended December 31, 2018 and 2017

(expressed in Canadian dollars)

Notice to Reader

The accompanying unaudited condensed interim consolidated financial statements of MEDEXUS PHARMACEUTICALS INC. (the "Company") for the periods of three and nine months ended on December 31, 2018 and 2017 have been prepared by the management and are its responsibility. These unaudited condensed interim consolidated financial statements, together with the accompanying notes, have been reviewed and approved by the members of the Company's audit committee. These unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

Medexus Pharmaceuticals Inc.

Condensed Interim Consolidated Statements of Financial Position (unaudited)

(expressed in Canadian dollars)

	Note	As at December 31, 2018 $	As at March 31, 2018 $
Assets			
Current assets			
Cash and cash equivalents		28,888,043	3,608,506
Accounts receivable		14,621,925	738,454
Prepaid expenses and deferred costs		2,273,794	98,795
Inventories		4,744,140	2,189,278
		50,527,902	6,635,033
Property and equipment		749,515	20,099
Security and escrow deposits		708,763	-
Intangible assets	4	60,543,149	2,602,330
		112,529,329	9,257,462
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		15,423,454	1,688,454
Interest payable		524,723	165,613
Convertible debentures	3	-	20,000
		15,948,177	1,874,067
Convertible debentures	3	22,325,644	4,345,627
Balance of payable for business acquisitions	4	17,036,174	-
		55,309,995	6,219,694
Shareholders' Equity			
Share capital		61,976,829	25,347,384
Contributed surplus		26,518,786	4,902,565
Cumulative Translation Adjustment		1,573,271	-
Deficit		(32,849,552)	(27,212,181)
		57,219,334	3,037,768
		112,529,329	9,257,462

Approved by the Board of Directors on February 25, 2019

_______________ *(Ken d'Entremont)*_______ Director   ________*(Michael P. Mueller)*__________ Director

Ken d'Entremont   Michael P. Mueller

The accompanying notes are an integral part of these consolidated financial statements.

Medexus Pharmaceuticals Inc.

Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) (unaudited)

(expressed in Canadian dollars)

	Note	For the 3-month period ended December 31, 2018 $	For the 3-month period ended December 31, 2017 $	For the 9-month period ended December 31, 2018 $	For the 9-month period ended December 31, 2017 $
Revenue					
Products		14,421,084	2,356,782	21,119,426	7,905,728
Cost of sales		5,470,328	1,178,128	8,575,349	3,724,795
Gross profit		8,950,757	1,178,654	12,544,078	4,180,933
Selling and administrative expenses	6,9	7,874,559	1,881,129	11,459,340	5,799,022
Transaction-related fees & expenses	4	927,889	-	4,548,795	-
Depreciation and amortization		125,590	3,388	246,705	9,952
Impairment of intangible asset	13	124,746	-	124,746	-
Foreign exchange loss (gain)		(24,156)	10,722	(21,369)	(21,519)
Operating income (loss)		(77,871)	(716,585)	(3,814,138)	(1,606,522)
Financing costs	3,5	1,470,799	302,316	2,060,427	883,038
Interest income		(219,828)	(12,809)	(237,194)	(28,909)
Net loss		(1,328,842)	(1,006,092)	(5,637,371)	(2,460,651)
Currency Translation income (loss)		1,573,571	-	1,573,571	-
Net comprehensive income (loss)		244,729	(1,006,092)	(4,063,800)	(2,460,651)
Net loss per share attributable to shareholders of the Company					
Basic and diluted		(0.10)	(0.17)	(0.68)	(0.44)
Weighted average number of common shares outstanding (Post-consolidation)	10	13,294,273	5,827,666	8,326,442	5,638,028

The accompanying notes are an integral part of these consolidated financial statements.

Medexus Pharmaceuticals Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (unaudited)

(expressed in Canadian dollars)

		Share capital					
	Note	**Common shares**	**Amount $**	**Contributed surplus $**	**Deficit $**	**Other Comprehensive income (loss) $**	**Total shareholders' equity $**
Balance – March 31, 2017		72,709,103	21,025,018	3,862,379	(23,591,761)	-	1,295,636
Loss and comprehensive loss		-	-	-	(2,460,651)	-	(2,460,651)
Share-based compensation – Stock option plan		-	-	256,204	-	-	256,204
Issuance of shares for private placement, net of fees		14,705,883	4,956,965	-	-	-	4,956,965
Issuance of warrants for private placement			(776,770)	776,770			-
Balance – December 31, 2017		87,414,986	25,205,213	4,895,354	(26,052,412)	-	4,048,155
Balance – March 31, 2018		87,414,986	25,347,384	4,902,565	(27,212,181)	-	3,037,768
Net loss		-	-	-	(5,637,371)		(5,637,371)
Other Comprehensive income (loss)						1,573,271	1,573,271
Share issuance – Financing	3	58,676,397	19,949,979				19,949,979
Share issuance – Acquisitions	4	74,906,244	22,471,871				22,471,871
Warrants – Financing	3		(3,326,592)	3,326,592			
Warrants – Acquisitions	4		(411,611)	411,611			
Warrants- Brokers	3		(73,852)	205,145			131,293
Transaction fees	3,4		(2,017,867)				(2,017,867)
Equity component of convertible debentures	3			17,525,483			17,525,483
Vesting of stock options		-	-	117,006			117,006
Vesting of RSUs	11			67,901			67,901
Issuance of shares for exercise of options		196,250	37,516	(37,516)			-
Adjustment for share consolidation	10	(206,447,619)					
Balance – December 31, 2018		14,746,258	61,976,829	26,518,786	(32,849,552)	1,573,271	57,219,334

Authorized shares

The Company is authorized to issue an unlimited number of common shares without par value.

The accompanying notes are an integral part of these consolidated financial statements.

Medexus Pharmaceuticals Inc.

Condensed Interim Consolidated Statements of Cash Flows (unaudited)

(expressed in Canadian dollars)

	Note	For the 3-month period ended December 31, 2018 $	For the 3-month period ended December 31, 2017 $	For the 9-month period ended December 31, 2018 $	For the 9-month period ended December 31, 2017 $
Cash flows from					
Operating activities					
Net loss for the year		(1,328,842)	(1,006,092)	(5,637,371)	(2,460,651)
Adjustments for					
Depreciation of property and equipment		12,829	2,781	15,988	8,132
Amortization of intangible assets		1,109,572	57,535	1,260,561	150,287
Impairment loss		124,746	-	124,746	-
Share-based compensation expense	11	94,107	73,888	184,907	256,204
Interest on convertible debentures and other loans	3	785,204	168,667	1,120,704	504,167
Convertible debenture interest accretion net of deferred financing cost amortization	3	685,395	133,649	939,524	378,871
Interest income		(219,828)	(12,809)	(237,194)	(28,909)
		1,263,184	(582,381)	(2,228,135)	(1,191,899)
Changes in non-cash operating working capital items	8	(2,490,152)	451,957	798,214	(1,550,281)
Interest paid		(429,148)	(168,667)	(768,988)	(500,500)
Interest received		219,828	12,809	237,194	28,909
		(1,436,288)	(286,282)	(1,961,715)	(3,213,771)
Investing activities					
Purchases of property and equipment		-	(2,870)	(7,380)	(6,101)
Purchases of intangible assets		(757,750)	(47,348)	(1,090,600)	(343,248)
Purchase of business combination	4	(23,078,014)	-	(23,078,014)	-
		(23,835,764)	(50,218)	(24,175,994)	(349,349)
Financing activities					
Proceeds from issuance of shares	3	19,949,979	-	20,009,304	4,956,967
Proceed from convertible debenture	3	42,000,000	-	42,000,000	-
Financing fees	3	(3,840,597)	-	(3,840,597)	-
Repayment of long-term debt	3	(6,929,523)	-	(6,929,523)	-
		51,179,860	-	51,239,185	4,956,967
Net change in cash and cash equivalents during the period		25,907,807	(336,500)	25,101,475	1,393,847
Impact of foreign exchange on cash		178,062	-	178,062	-
Cash and cash equivalents – Beginning of period		2,802,174	4,971,444	3,608,506	3,241,097
Cash and cash equivalents – End of period		28,888,043	4,634,944	28,888,043	4,634,944

1 Incorporation and nature of activities

Medexus Pharmaceuticals Inc. (the "Company") was incorporated under the Canada Business Corporations Act and together with its wholly owned subsidiaries, sells products and offers marketing services, particularly related to pediatric care, to the pharmaceutical industry. The Company is domiciled in Canada, and its registered office is located at 1 Place du Commerce, Suite 225, Verdun, Quebec H3E 1A2. Medexus Pharmaceuticals Inc.'s shares are traded on the TSX Venture Exchange.

2 Basis of presentation and summary of significant accounting policies

Basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) applicable to the preparation of interim financial statements, including International Accounting Standard (IAS) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB). Certain information and disclosures have been omitted or condensed. The same accounting policies and methods of computation were followed in the preparation of these condensed interim consolidated financial statements as were followed in the preparation of the most recent annual audited consolidated financial statements except for the adoption of IFRS 9, Financial Instruments, and IFRS 15, Revenue from Contracts with Customers as described below. Accordingly, these condensed interim consolidated financial statements should be read together with the Company's audited consolidated financial statements and notes thereto for the fiscal year ended March 31, 2018.

These condensed consolidated interim financial statements are presented in Canadian dollars which is the functional currency of the Company and its Canadian subsidiaries. The Company's United States subsidiaries have a functional currency of United States dollars. As the Company has operations in the United States, the consolidated financial results may vary between periods due to the effect of foreign exchange fluctuations in translating the revenues and expenses of its operations in the United States to Canadian dollars.

These condensed interim consolidated financial statements were approved for issue by the Board of Directors of the Company on February 25, 2019.

Seasonality of interim operations

The operations of the Company can be seasonal, and the results of operations for any interim period are not necessarily indicative of operations for the full fiscal year or any future period.

Estimates, judgments and assumptions

The preparation of the condensed interim consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and reported amounts of revenues and expenses during the period. These estimates and assumptions are based on historical experience, expectations of the future, and other relevant factors and are reviewed regularly. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected. Actual results may differ from these estimates.

In preparing these condensed interim consolidated financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of uncertainty are as those applied and described in the Company's audited annual consolidated financial statements for the year ended March 31, 2018, supplemented by the additional significant judgments and key sources of uncertainty detailed below.

Fair value of business combinations

The Company makes a number of estimates when allocating fair values to the assets acquired and liabilities assumed in a business acquisition. Fair values are estimated using valuation techniques that take into consideration several assumptions such as earnings and expenses, interest rate and discount rate.

Basis of consolidation

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies to obtain benefits from its activities. Subsidiaries are fully consolidated from the date control is obtained, and they are deconsolidated on the date control ceases. These condensed interim consolidated financial statements include the Company's subsidiaries. As at December 31, 2018, MI Acquisitions, Inc., Medac Pharma, Inc., Medexus Inc., and Pediapharm Licensing Inc. are the only wholly owned direct and indirect subsidiaries of the Company. Pediapharm Licensing Inc. does not carry on active business currently and MI Acquisitions, Inc. was created solely for the purpose of completing the Medac Pharma Acquisition (as defined below) and it does not carry on active business other than the ownership of 100% of the outstanding shares of Medac Pharma, Inc.

New standards adopted by the Company

IFRS 9, Financial Instruments

The IASB previously published versions of IFRS 9 that introduced new classification and measurement requirements in 2009 and 2010 and a new hedge accounting model in 2013. In July 2014, the IASB released the final version of IFRS 9, which replaces earlier versions of IFRS 9 issued and completes the IASB's project to replace IAS 39, Financial Instruments: Recognition and Measurement. The standard is effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. The Company assessed the impact of the adoption of IFRS 9 on its consolidated financial statements and determined that there were no significant changes from the adoption of the new standard.

IFRS 15, Revenue from Contracts with Customers

The Company adopted IFRS 15 using the modified retrospective method of adoption in its consolidated financial statements for the annual period beginning on April 1, 2018. The standard outlines the principles that must be applied to measure and recognize revenue and the related cash flows.

The principles in IFRS 15 are applied using the following five steps: 1. Identify the contract(s) with a customer 2. Identify the performance obligations in the contract 3. Determine the transaction price 4. Allocate the transaction price to the performance obligations in the contract 5. Recognize revenue when (or as) the entity satisfies a performance obligation

Product revenue Performance obligations for product sales are primarily satisfied upon delivery of product to the Company's customers. Revenue is recorded on a net basis, representing the amounts receivable from customers after the deduction for discounts, returns and early payment discounts. The methodology and assumptions used to estimate discounts, returns and early payments discounts are monitored and adjusted in light of contractual and historical information. Invoices are generated at the time of product shipment and are payable in 30 days. The provision for returns is a complex estimate used in the recognition of revenue. The Company has a returns policy that allows wholesalers to return product within a specified period prior to and subsequent to the expiration date. Provisions for returns are recognized in the period in which the underlying sales are recognized, as a reduction of product sales revenue. The Company estimates provisions for returns based upon historical experience if applicable, representing management's best estimate. While such experience has allowed for reasonable estimations in the past, history may not always be an accurate indicator of future returns. The Company continually monitors provisions for returns and adjusts when it believes that actual product returns may differ from established reserves.

New standards not yet adopted by the Company

IFRS 16, Leases

In January 2016, the IASB released IFRS 16. The new standard eliminates the classification of leases as either operating or finance leases and introduces a single accounting model for the lessee under which a lease liability and a right-of-use asset is recognized for all leases with a term of more than 12 months. IFRS 16 also substantially carries forward the lessor accounting requirements; accordingly, a lessor continues to classify its leases as operating leases or finance leases. IFRS 16 supersedes IAS 17, Leases, and related interpretations. IFRS 16 is effective for annual periods beginning on January 1, 2019 for the Company, with earlier application permitted for companies that also apply IFRS 15. The Company is currently evaluating the impact of the new standard on its consolidated financial statements.

There are no other IFRSs or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Company.

3 Convertible debentures and Non-brokered private placement

a) <u>Convertible debenture issued in March 2015</u>

On December 12, 2018, the Company announced that it repaid in full its outstanding convertible secured debentures issued in 2015 ("2015 Debentures"), for a total aggregate payment of $5,743,833, representing the principal amount and accrued interest thereon, plus the required 2% early repayment fee.

b) <u>Convertible debenture and equity units issued in October 2018</u>

On October 11, 2018, the Company completed a private placement offering (the "Offering") of Subscription Receipts (as defined below) for aggregate gross proceeds of $61,949,979.40. The Offering consisted of both a brokered private placement, co-led by Cormark Securities Inc. and Mackie Research Capital Corporation (the "Agents"), and a concurrent non-brokered private placement (the "Non-Brokered Offering").

The Offering consisted of the issuance of a combination of (i) subscription receipts ("Unit Subscription Receipts") convertible into units ("Units"), at a price of $0.42 per Unit Subscription Receipt, and (ii) subscription receipts ("Debenture Subscription Receipts", and, together with the Unit Subscription Receipts, the "Subscription Receipts") convertible into convertible debentures ("Convertible Debentures"), at a price of $1,000 per Debenture Subscription Receipt. Each Unit was comprised of one pre-consolidation common share (0.0667 post-consolidation common share) and one half (1/2) of one pre-consolidation common share purchase warrant (0.0333 post-consolidation common share purchase warrant) (each whole common share purchase warrant, an "Offering Warrant"), with each whole pre-consolidation Offering Warrant being exercisable into one pre-consolidation common share for a period of five years at an exercise price of $0.63 per share. Following the Share Consolidation, one post-consolidation Offering Warrant entitles the holder to purchase one post-consolidation common share at an exercise price of $9.45 per share. The Convertible Debentures are convertible into units ("Conversion Units") consisting of one pre-consolidation common share (0.0667 post-consolidation common share) and one half (1/2) of one pre-consolidation Offering Warrant (0.0333 post-consolidation Offering Warrant), at a price of $0.42 per pre-consolidation Conversion Unit ($6.30 per post-consolidation Conversion Unit). Pursuant to the Offering, the Company issued 58,676,397 Unit Subscription Receipts, for aggregate gross subscription proceeds of $19,949,979.40, and 42,000 Debenture Subscription Receipts, for aggregate gross subscription proceeds of $42,000,000.

The Convertible Debentures will mature on October 16, 2023 and shall be repaid in full by the Company with a payment equal to 125% of such outstanding principal amount, with such repayment to be made in cash or, at the Company's option, in common shares of the Company. The Convertible Debentures bear interest at a rate of 6.0% per annum beginning October 16, 2018, payable semi-annually in cash, or, at the Company's option and subject to the prior approval of the TSX Venture Exchange, in common shares of the Company. The aggregate gross proceeds of the Offering were placed into escrow and released to the Company upon completion of the Medac Pharma Acquisition and Medexus Acquisition (as each term is defined below), at which time the Subscription Receipts were exchanged automatically into Units and Convertible Debentures, all pursuant to the terms of a subscription receipt agreement entered into in connection with the Offering.

The Convertible Debentures are a compound financial instrument under IAS 32, and have both a liability and equity component. The fair value of the consideration for the compound instrument must be split into its liability and equity components. The fair value of the consideration in respect of the liability component is first measured at the fair value of a similar liability that does not have any associated equity conversion option. This becomes the liability component's carrying amount at initial recognition, and the residual amount is allocated to the equity component.

At the date of the acquisition, the fair value of the liability component was determined to be $23,143,076 and the fair value of the equity component was determined to be $18,856,924.

4 Business Combinations

Medac Pharma Inc.

On October 16, 2018, the Company acquired by way of a stock purchase agreement dated September 6, 2018, indirectly through a United States subsidiary (MI Acquisitions, Inc.) created for the purposes of the acquisition, all the issued and outstanding shares of Medac Pharma Inc. (Medac Pharma), a privately held specialty pharmaceutical company focusing primarily in the area of rheumatology in the United States, from medac Gesellschaft für klinische Spezialpräparate m.b.H. ("medac GmbH") (the "Medac Pharma Acquisition"). The Company acquired Medac Pharma as part of its ongoing effort to gain scale and enter a new geographic area.

The total consideration payable by the Company for the Medac Pharma Acquisition is up to USD$50 million, of which a cash payment of USD$13.1 million was paid on closing, together with the issuance of 7,260,235 pre-consolidation units (approximately 484,016 post-consolidation units) of the Company (the "Consideration Units") with a value of approximately USD$1.9 million and a deemed issue price of $0.34 per pre-consolidation Consideration Unit. Each pre-consolidation Consideration Unit consisted of one pre-consolidation common share (0.0667 post-consolidation common share) and one half (1/2) of one pre-consolidation common share purchase warrant (each whole common share purchase warrant, a "Consideration Unit Warrant"), with each pre-consolidation Consideration Unit Warrant being exercisable into one pre-consolidation common share for a period of five years at an exercise price of $0.63 per share. Following the Share Consolidation, one post-consolidation Consideration Unit Warrant entitles the holder to purchase one post-consolidation common share at an exercise price of $9.45 per share.

A contingent cash payment of USD$5 million and annual payments in an amount equal to 7.5% of the aggregate consolidated EBITDA of the Company, subject to certain agreed-upon adjustments and until such time as an aggregate of USD$30 million in annual payments have been made, are also payable in connection with the Medac Pharma Acquisition. The Company's preliminary fair value of these contingent payments is $16,227,451 (USD$12,499,000).

Concurrent with closing of the Medac Pharma Acquisition, medac GmbH, the Company and Medac Pharma entered into a manufacturing and supply agreement (the "Medac Supply Agreement") for an initial term of 12 years from the completion of the Medac Pharma Acquisition, which Medac Supply Agreement will provide for the continued supply of products by medac GmbH to the Company for sale in the United States by the Company, including a right of first refusal granted to the Company with respect to the commercialization in the United States or Canada of certain specified products of medac GmbH that medac GmbH wishes to commercialize for use in the United States or Canada during the term of the Medac Supply Agreement. In addition, an existing supply agreement between medac GmbH and Medexus Inc. ("Medexus") was extended, on its existing financial terms, such that it expires 12 years from the date of the completion of the Medac Pharma Acquisition.

The following represents the preliminary fair value of the assets acquired and liabilities assumed at the date of the transaction:

Net Working Capital: $5,829,367 (USD$4,490,000)

(expressed in Canadian dollars)

Fixed Assets:	$321,978 (USD$248,000)
Intangible Assets:	$36,191,411 (USD$27,876,000)
Total:	$42,342,756 (USD$32,614,000)

The final determination of the fair value of identifiable assets and liabilities acquired will be completed within the prescribed period of one year following the acquisition, as per IFRS 3. The final purchase price allocation may include (1) changes in fair value of intangible assets, (2) recognition of deferred tax assets or deferred liabilities, (3) changes in the fair value of the contingent consideration and (4) the resultant changes to the amount recognized as goodwill.

Medexus Inc.

On October 16, 2018, the Company completed the acquisition of all of the issued and outstanding shares of Medexus indirectly through a subsidiary created for the purposes of the acquisition and pursuant to the terms of an amalgamation agreement dated September 6, 2018. Medexus is a Canadian pharmaceutical innovator with strategic partnerships in key international markets (the "Medexus Acquisition"). The Company acquired Medexus as part of its ongoing effort to gain scale and enter a new therapeutic area.

The total consideration paid by the Company for the Medexus Acquisition was approximately $20 million, which was satisfied through the issuance of 67,646,009 pre-consolidation common shares (approximately 4,509,734 post-consolidation common shares) to former holders of Medexus shares, at a price of $0.30 per pre-consolidation common share ($4.50 per post-consolidation common share). The following represents the preliminary fair value of the assets acquired and liabilities assumed at the date of the transaction:

Net Working Capital:	($321,023)
Fixed Assets:	$396,129
Intangible Assets:	$20,218,694
Total:	$20,293,800

The final determination of the fair value of identifiable assets and liabilities acquired will be completed within the prescribed period of one year following the acquisition, as per IFRS 3. The final purchase price allocation may include (1) changes in fair value of intangible assets, (2) recognition of deferred tax assets or deferred liabilities, (3) changes in the fair value of the contingent consideration and (4) the resultant changes to the amount recognized as goodwill.

(expressed in Canadian dollars)

5 Financing costs

	For the 3-month period ended December 31, 2018 $	For the 3-month period ended December 31, 2017 $	For the 9-month period ended December 31, 2018 $	For the 9-month period ended December 31, 2017 $
Interest on convertible debentures & other loans	675,404	168,667	1,010,904	504,167
Convertible debenture interest accretion net of deferred financing cost amortization	795,395	133,649	1,049,523	378,871
	1,470,799	302,316	2,060,427	883,038

6 Employee benefit expense

a) Employees other than the Company's key management personnel as described in b)

	Note	For the 3-month period ended December 31, 2018 $	For the 3-month period ended December 31, 2017 $	For the 9-month period ended December 31, 2018 $	For the 9-month period ended December 31, 2017 $
Salaries and benefits		2,743,157	509,951	3,849,518	1,501,357
Share-based compensation		5,732	19,418	33,917	62,432
		2,748,889	529,369	3,883,435	1,563,789

(expressed in Canadian dollars)

b) Key management personnel consist of the Company's Chief Executive Officer, Chief Financial Officer, Presidents of the US and Canadian units, Vice-Presidents and Board of Directors.

	Note	For the 3-month period ended December 31, 2018 $	For the 3-month period ended December 31, 2017 $	For the 9-month period ended December 31, 2018 $	For the 9-month period ended December 31, 2017 $
Key management compensation					
Short-term employee benefits and consulting fees		1,288,185	252,042	2,055,832	753,291
Share-based compensation		88,375	54,470	150,990	193,772
		1,376,560	306,512	2,206,822	947,063

Key management compensation is included in selling and administrative expenses.

7 Related party transactions

Transactions with related parties during the period and amounts due to or from these parties as at December 31, 2018 and 2017 are disclosed in these condensed interim consolidated financial statements.

All related party transactions, unless otherwise disclosed, occurred in the normal course of operations.

On December 12, 2018, the Company repaid the 2015 Debentures, originally issued on March 30, 2015, pursuant to their terms. For the three-month period ended December 31, 2018, the Company repaid the following amounts:

- $104,433, comprised of $100,000 representing the outstanding principal amount, $2,433 representing accrued interest and $2,000 representing an early repayment fee of 2% on the outstanding principal amount, was paid to a former director of the Company; and

- $104,433, comprised of $100,000 representing the outstanding principal amount, $2,433 representing accrued interest and $2,000 representing an early repayment fee of 2% on the outstanding principal amount, was paid to a director of the Company.

For the three-month period ended December 31, 2018, the amount of $76,747 accrued as interest on Convertible Debentures issued on October 16, 2018 which are owned or controlled, directly and indirectly, by two directors of the Company (Note 3).

(expressed in Canadian dollars)

8 Consolidated statement of cash flows

Changes in non-cash operating working capital items are as follows:

	For the 3-month period ended December 31, 2018 $	For the 3-month period ended December 31, 2017 $	For the 9-month period ended December 31, 2018 $	For the 9-month period ended December 31, 2017 $
Decrease (increase) in				
Accounts receivable	(2,958,271)	233,543	(3,402,681)	(342,304)
Prepaid expenses and deferred costs	777,278	6,003	466,691	(42,826)
Inventories	589,909	616,406	854,440	(173,254)
Increase (decrease) in				
Accounts payable and accrued liabilities	(899,068)	(403,995)	2,879,764	(991,897)
	(2,490,152)	451,957	798,214	(1,550,281)

9 Selling and administrative expenses

	For the 3-month period ended December 31, 2018 $	For the 3-month period ended December 31, 2017 $	For the 9-month period ended December 31, 2018 $	For the 9-month period ended December 31, 2017 $
Sales and marketing expenses	4,728,578	1,152,195	7,143,614	3,677,294
Business development and regulatory affairs	697,722	242,889	1,116,149	691,458
General administrative	2,448,259	486,045	3,199,577	1,430,270
	7,874,559	1,881,129	11,459,340	5,799,022

10 Share Consolidation

On December 12, 2018, the Company completed the consolidation of its common shares on the basis of 15 pre-consolidation common shares for each one post-consolidation common share (the "Share Consolidation"), as well as a name change from "Pediapharm Inc." to "Medexus Pharmaceuticals Inc.". Under the Share Consolidation, fractional interests were rounded up to the nearest whole number of common shares if 0.5 or greater, and rounded down to the nearest whole number of common shares if less than 0.5. The exercise price and number of common shares issuable upon the exercise of outstanding options, warrants, convertible debentures and other convertible securities of the Company were proportionately adjusted as a result of the Share Consolidation. At the opening of trading on December 19, 2018, the Company's common shares began trading on the TSX Venture Exchange under the name Medexus Pharmaceuticals Inc., on a post-consolidated basis, and under the new stock symbol "MDP".

11 Share Based Payments

On December 19, 2018, the Company issued an aggregate of 1,877,555 restricted share units ("RSUs") to certain directors, officers and employees of the Company and 3,333 stock options ("Options") to a director of the Company under the Company's 2018 omnibus equity incentive plan (the "Plan") which was approved by the shareholders of the Company at the company's annual and special meeting held on December 12, 2018. The RSUs will vest in equal amounts upon the first, second, third and fourth anniversaries of the effective issuance date and the Options will vest upon issuance. The exercise price of the Options is $4.50 per share. The RSUs are exercisable for a nominal payment per share. Each vested RSU and Option entitles the holder to receive one common share of the Company by delivering an exercise notice in accordance with the Plan and the terms of the applicable award agreement.

On December 19, 2018, the Company completed the Share Consolidation (see Note 10) and, as a result, all stock option and share award disclosures have been retrospectively adjusted to reflect the Share Consolidation.

(expressed in Canadian dollars)

12 Geographic information

The geographic segmentation of the Company's non-current assets is as follows:

At December 31, 2018	
United States	$38,495,843
Canada	$23,505,584

Geographic sales based on customer locations are detailed as follows:

Three months ended December 31, 2018	
United States	$9,281,309
Canada	$5,139,775

14 Impairment of intangible asset

Medexus Pharmaceuticals and Primus Pharmaceuticals have agreed to discontinue the distribution of EpiCeram in Canada due to the low products sales relative to the anticipated significant implementation costs to meet the MDSAP quality management system requirements coming into effect in Canada on January 1st, 2019. As a result, an impairment loss in the amount of $124,746 was recorded in the period ended December 31, 2018.