



**QRxPharma Limited**

ABN 16 102 254 151

**ASX Half year interim financial report – 31 December 2016**

**Lodged with the ASX under Listing Rule 4.2A**

This report is to be read in conjunction with the Annual Report for the year ended 30 June 2016 and any public announcements made by QRxPharma Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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## QRxPharma Limited

ABN 16 102 254 151

**Reporting period: Half year ended 31 December 2016**

**(Previous corresponding period: Half year ended 31 December 2015)**

### Results for announcement to the market

			A\$
Revenue from ordinary activities	Down	5% to	\$5,059
Net loss from ordinary activities after tax	Down	81% to	\$(234,130)
Net loss for the half year attributable to members	Down	81% To	\$(234,130)

#### *Commentary:*

A Deed of Company Arrangement (DOCA) was wholly effectuated on 23 December 2015, returning the management and control of the Company to the Board. The Board has since sought to significantly reduce costs and closely monitor cash outflows.

The Company is now in a position where cash outflows have been significantly reduced after completing the outstanding accounting, administrative and ASX compliance tasks along with the significant costs to restructure the Company after the MoxDuo program was halted in August 2014.

At 31 December 2016, the Group holds cash and cash equivalents of \$777,018 (30 June 2016: \$1,193,886). As detailed in Note 1 (b) of the Interim Financial Report the financial statements have been prepared on a going concern basis.

#### **Dividends**

No interim dividends have been paid or provided for during the period or the prior financial period by the Parent Entity.

### Other Appendix 4D information

	<u>31 December</u> <u>2016</u>	<u>31 December</u> <u>2015</u>
Net tangible assets per ordinary share	\$0.005	\$0.010

#### Audit qualification or review

The half-year financial report has been subject to review and the independent auditor's review report is attached as part of the interim report.

# **QRxPharma Limited**

ABN 16 102 254 151

## **Interim report for the half-year ended 31 December 2016**

**QRxPharma Limited** ABN 16 102 254 151  
**Interim report – 31 December 2016**

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This half-year consolidated financial report covers the consolidated entity consisting of QRxPharma Limited and its subsidiaries. The financial report is presented in Australian currency.

QRxPharma Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

QRxPharma Limited  
Suite 201  
697 Burke Road  
Camberwell  
VIC 3124

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by QRxPharma Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

A description of the nature of the consolidated entity's operations and its principal activities is included in the directors' report which is not part of this financial report.

The half-year report was authorised for issue by the directors on 21 February 2017, the company has the power to amend and reissue the financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the company. All press releases, financial reports and other information are available on our website: [www.qrxpharma.com](http://www.qrxpharma.com).

## Directors' report

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of QRxPharma Limited (referred to hereafter as the Company) and the entities it controlled at the end of, or during, the half-year ended 31 December 2016.

### Directors

The following persons were directors of QRxPharma Limited during the whole of the financial half-year and up until the date of this report, unless otherwise indicated:

Bruce A Hancox (resigned 11 October 2016)  
Richard S Treagus (resigned 11 October 2016)  
Timothy P Heesh (appointed 11 October 2016)  
John P Rainbow (appointed 11 October 2016)

### Principal Activities

The principal activities of the Group has been the development and commercialisation of biopharmaceutical products based on largely Australian research, targeting global markets with the initial efforts being focused on the US and European markets.

On 22 May 2015 the Board of Directors (Board) formed a view that the Company's circumstances rendered its ongoing solvency unlikely and that the best possible interests of shareholders may be achieved by placing the Company into Voluntary Administration. A Deed of Company Arrangement (DOCA) was wholly effectuated on 23 December 2015 returning the management and control of the Company to the Board. The Board is now in a position where all historic liabilities have been accounted for including through the DOCA process and the future focus is identifying the business opportunities that will assist the reinstatement of the Company's securities to official quotation on the Australian Securities Exchange.

### Review of operations

The net loss for the half-year from ordinary activities was \$234,130 (2015: net loss \$1,228,334) and includes the following key items:

Operating expenditures were down by 92% to \$239,189 (2015: \$1,233,639) and were inclusive of:

- Employee benefits expense of \$37,675 (2015: \$121,740).
- Restructuring expense of \$5,641 (2015: \$837,726) associated with the placement of the Company into Voluntary Administration and winding up QRxPharma Inc.
- General and administrative expense of \$193,415 (2015: \$354,924). The decrease is attributable to the Group's decision to wind down activities inclusive of the closure of the US operations.

At 31 December 2016, the Group holds cash and cash equivalents of \$777,018 (30 June 2016: \$1,193,886). As detailed in Note 1 (b) of the Interim Financial Report the financial statements have been prepared on a going concern basis.

### Rounding of amounts

In accordance with ASIC Corporations (Rounding in Financial / Director's Reports) Instrument 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar (where indicated).

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

This report is made in accordance with a resolution of directors.

A handwritten signature in black ink, appearing to read 'T P Heesh'.

Timothy P Heesh  
Director

Sydney  
Date: 22 February 2017



Level 22 MLC Centre  
19 Martin Place  
Sydney NSW 2000  
Australia

Postal Address:  
GPO Box 1615  
Sydney NSW 2001  
Australia

Tel: +61 2 9221 2099  
Fax: +61 2 9223 1762

www.pitcher.com.au  
sydneypartners@pitcher.com.au

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## AUDITOR'S INDEPENDENCE DECLARATION

### To the Directors of QRxPharma Limited

I declare that, to the best of my knowledge and belief there has been:

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

M A GODLEWSKI  
Partner

PITCHER PARTNERS

Sydney

22 February 2017

**QRxPharma Limited**  
**Condensed consolidated statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2016**

	Note	Half - year 31 Dec 2016 \$	31 Dec 2015 \$
<b>Revenue from continuing operations</b>	3	<b>5,059</b>	5,305
Employee benefits expense			
- employee salary benefits		(37,675)	(121,740)
- defined contribution superannuation		(4,093)	(11,650)
Research and development expense		-	(92,801)
Restructuring expense		(5,641)	(837,726)
General and administration expense		(193,415)	(354,924)
Depreciation and amortisation		(368)	(1,253)
Net foreign exchange gain		2,003	186,455
<b>(Loss) before income tax</b>		<b><u>(234,130)</u></b>	<b><u>(1,228,334)</u></b>
Income tax benefit		-	-
<b>(Loss) from continuing operations</b>		<b><u>(234,130)</u></b>	<b><u>(1,228,334)</u></b>
<b>(Loss) for the half-year</b>		<b><u>(234,130)</u></b>	<b><u>(1,228,334)</u></b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		<u>364</u>	<u>10,786</u>
Other comprehensive income for the half-year, net of tax		<u>364</u>	<u>10,786</u>
<b>Total comprehensive (loss) for the half-year</b>		<b><u>(233,766)</u></b>	<b><u>(1,217,548)</u></b>
Loss is attributable to:			
Owners of QRxPharma Limited		(234,130)	(1,228,334)
Non-controlling interest		-	-
		<u>(234,130)</u>	<u>(1,228,334)</u>
Total comprehensive (loss) is attributable to:			
Owners of QRxPharma Limited		(233,766)	(1,217,548)
Non-controlling interests		-	-
		<u>(233,766)</u>	<u>(1,217,548)</u>
<b>Earnings per share for loss attributable to the ordinary equity holders of the company:</b>		<b>Cents</b>	<b>Cents</b>
Basic and diluted (loss) per share		(0.1)	(0.7)

*The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.*



**QRxPharma Limited**  
**Condensed consolidated statement of financial position**  
**As at 31 December 2016**

	Note	31 Dec 2016 \$	30 June 2016 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	777,018	1,193,886
Trade and other receivables		73,265	77,836
Other current assets	5	-	2,006
<b>Total current assets</b>		<u>850,283</u>	<u>1,273,728</u>
<b>Non-current assets</b>			
Other financial assets	4	16,820	-
Property, plant and equipment		728	1,096
<b>Total non-current assets</b>		<u>17,548</u>	<u>1,096</u>
<b>Total assets</b>		<u>867,831</u>	<u>1,274,824</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	6	21,818	102,193
Provisions	7	40,283	133,134
<b>Total current liabilities</b>		<u>62,101</u>	<u>235,327</u>
<b>Total liabilities</b>		<u>62,101</u>	<u>235,327</u>
<b>Net assets</b>		<u>805,730</u>	<u>1,039,496</u>
<b>EQUITY</b>			
Contributed equity	8	155,341,513	155,341,513
Reserves		13,494,789	13,494,425
Accumulated losses		<u>(167,966,040)</u>	<u>(167,731,910)</u>
Capital and reserves attributable to the owners of QRxPharma Limited		<u>870,262</u>	<u>1,104,028</u>
Non-controlling interest		<u>(64,532)</u>	<u>(64,532)</u>
<b>Total equity</b>		<u>805,730</u>	<u>1,039,496</u>

*The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.*

**QRxPharma Limited**  
**Condensed consolidated statement of changes in equity**  
**For the half-year ended 31 December 2016**

**Attributable to the owners of  
QRxPharma Limited**

	Contributed Equity	Share-based Payments Reserve	Foreign Currency Translation Reserve	Transactions with Non- Controlling Interest Reserve	Accumulated Losses	Total	Non- controlling Interests	Total Equity
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2015</b>	155,341,513	12,652,643	395,003	455,548	(165,969,790)	2,874,917	(64,532)	2,810,385
Loss for the half-year	-	-	-	-	(1,228,334)	(1,228,334)	-	(1,228,334)
Other comprehensive income	-	-	10,786	-	-	10,786	-	10,786
Total comprehensive loss for the half-year	-	-	10,786	-	(1,228,334)	(1,217,548)	-	(1,217,548)
<b>Balance at 31 December 2015</b>	<b>155,341,513</b>	<b>12,652,643</b>	<b>405,789</b>	<b>455,548</b>	<b>(167,198,124)</b>	<b>1,657,369</b>	<b>(64,532)</b>	<b>1,592,837</b>
<b>Balance at 1 July 2016</b>	155,341,513	12,635,278	403,599	455,548	(167,731,910)	1,104,028	(64,532)	1,039,496
Loss for the half-year	-	-	-	-	(234,130)	(234,130)	-	(234,130)
Other comprehensive income	-	-	364	-	-	364	-	364
Total comprehensive loss for the half-year	-	-	364	-	(234,130)	(233,766)	-	(233,766)
<b>Balance at 31 December 2016</b>	<b>155,341,513</b>	<b>12,635,278</b>	<b>403,963</b>	<b>455,548</b>	<b>(167,966,040)</b>	<b>870,262</b>	<b>(64,532)</b>	<b>805,730</b>

*The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.*

**QRxPharma Limited**  
**Condensed consolidated statement of cash flows**  
**For the half-year ended 31 December 2016**

	Note	<b>Half-year</b>	
		<b>31 Dec 2016</b>	31 Dec 2015
		\$	\$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees (inclusive of goods and services tax)		(407,414)	(1,759,327)
Interest received		5,059	5,305
		<u>                    </u>	<u>                    </u>
<b>Net cash (outflow) from operating activities</b>		<b><u>(402,355)</u></b>	<b><u>(1,754,022)</u></b>
<b>Cash flows from investing activities</b>			
Payments for plant and equipment		<u>-</u>	<u>-</u>
<b>Net cash (outflow) from investing activities</b>		<b><u>-</u></b>	<b><u>-</u></b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		-	-
Payments made in relation to capital raising		<u>-</u>	<u>-</u>
<b>Net cash inflow from financing activities</b>		<b><u>-</u></b>	<b><u>-</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(402,355)</b>	<b>(1,754,022)</b>
Cash and cash equivalents at the beginning of the financial year		1,193,886	3,382,405
Effects of exchange rate changes on cash and cash equivalents		<u>2,307</u>	<u>190,748</u>
<b>Cash and cash equivalents at end of half-year</b>		<b><u>793,838</u></b>	<b><u>1,819,131</u></b>

*The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.*

## **1 Summary of significant accounting policies**

### **(a) Basis of Preparation**

This general purpose financial report for the interim half-year reporting period ended 31 December 2016 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by QRxPharma Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2016 annual financial report for the financial year ended 30 June 2016, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar (where indicated).

### **(b) Going Concern**

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

During the half-year ended 31 December 2016, the Group incurred a net loss of \$234,130 (2015: \$1,228,334) and had net cash outflows from operating activities of \$402,355 (2015: \$1,754,022).

The Company has been under Voluntary Administration (Administration) from 22 May 2015 to 23 December 2015. During the period from 22 May 2015 until the date of signing this report, the Group had minimal operations and transactions, other than the costs incurred in restructuring the business. A Deed of Company Arrangement (DOCA) was executed on 8 December 2015 and wholly effectuated on 23 December 2015 returning the management and control of the Company to the Board.

The going concern assessment has been made on the assumption that the Group will continue to settle its liabilities arising in the ordinary course of its existing business with minimal operations. At 31 December 2016, the Group holds cash and cash equivalents of \$793,838 (30 June 2016: \$1,193,886).

The Board will continue to review potential opportunities for the Group and consider additional strategies to be undertaken by the Group. In the event that the Group commences any due diligence activities associated with any of the opportunities identified, then the Group is likely to incur additional costs for which it is likely to seek funding. At the date of this report no such opportunities have been identified. The cash flow forecast prepared by the Company does not include the costs associated with any due diligence activities.

In the event the potential opportunities are identified and the Company is unable to obtain funding to pursue such opportunities, significant uncertainty would exist as to the ability of the Group to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

**(c) Prior period error**

The Company provides staff with the opportunity to invest in the shares of the Company under an Employee Share Option Plan agreement. The options were granted to staff with an expiry date of four years and a non-market performance condition linked to the successful approval of the MoxDuo product by the United States Food and Drug Administration. As at August 2014 the MoxDuo program was halted and the Company was placed in Administration from 22 May 2015. It is at the date that the Company entered Administration that the options were considered to have expired.

The effect of the prior period error is a decrease in the Accumulated Losses and a decrease in the share based payment reserve of \$131,976 for the period of June 2015 and subsequent periods.

**(d) New accounting standards and interpretations**

**(i) Standards and interpretations adopted during the period**

The Group has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half year ended 31 December 2016, which do not have any material impact on this financial report.

## 2 Segment information

Based on the internal reports that are reviewed and used by the Board (the chief operating decision makers) in assessing performance and in determining the allocation of resources, the Group has determined that it operates within a single operating segment. The operating segment was that of the research and development of biopharmaceutical products for commercial sale.

## 3 Revenue from continuing operations

	<b>Half-year</b>	
	<b>31 Dec 2016</b>	31 Dec 2015
	\$	\$
Interest income	<u>5,059</u>	<u>5,305</u>

## 4 Cash and cash equivalents

	<b>31 Dec 2016</b>	30 June 2016
	\$	\$
<b>Current</b>		
Cash at bank	777,018	1,193,886
<b>Non-current</b>		
Other financial assets	<u>16,820</u>	-
	<u>793,838</u>	<u>1,193,886</u>

The other financial assets include a USD bank account that has been set aside for the purposes of the liquidation and dissolution of QRxPharma, Inc.

## 5 Other current assets

	<b>31 Dec 2016</b>	30 June 2016
	\$	\$
Prepayments	<u>-</u>	<u>2,006</u>

## 6 Trade and other payables

	<b>31 Dec 2016</b>	30 June 2016
	\$	\$
Trade payables	12,023	40,757
Other payables	<u>9,795</u>	<u>61,436</u>
	<u>21,818</u>	<u>102,193</u>

## 7 Provisions

	<b>31 Dec 2016</b>	30 June 2016
	\$	\$
Employee Benefits		
Employee entitlements	-	133,134
Termination benefits	<u>40,283</u>	<u>-</u>
	<u><b>40,283</b></u>	<u>133,134</u>

## 8 Equity securities issued

		Number of shares	Issue price	\$
Ordinary shares fully paid				
1 July 2016	Balance	164,190,969		155,341,513
Movement		-		-
31 December 2016	Balance	<u>164,190,969</u>		<u>155,341,513</u>

## 9 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

Name of entity	Country of incorporation	Class of shares	31 Dec 2016 %	30 June 2016 %
The Lynx Project Pty Limited	Australia	Ordinary	100	100
Haempatch Pty Limited	Australia	Ordinary/Preference	100	100
QRxPharma, Inc.	USA	Ordinary	100	100
Venomics Pty Limited	Australia	Ordinary	87.4	87.4
Stealthguard Pty Limited	Australia	Ordinary	100	100
Safeguard Therapeutics Pty Limited	Australia	Ordinary	100	100

QRxPharma Inc prepared a plan of complete liquidation and dissolution dated 12 September 2016. Based on legal advice a nominal amount of cash is required to be maintained for a minimum period of two years in order to pay any debts that may arise. Upon completion of the two years the Directors of QRxPharma Ltd along with the Authorized Officer of QRxPharma Inc will authorise the transfer of any remaining funds to QRxPharma Ltd and the shares held in QRxPharma Inc will be cancelled at this time.

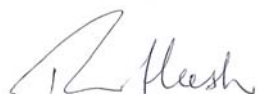
## 10 Contingent liabilities

There have been no changes in the Company's contingent liabilities reported as at 30 June 2016.

In the directors' opinion:

- (a) the financial statements and notes set out on pages 5 to 12 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that QRxPharma Limited 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 directors.



Timothy P Heesh  
Director

Sydney  
Date: 22 February 2017



## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF QRXPHERMA LIMITED**

### **Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of QRxPharma Limited and controlled entities, which comprises the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

The directors of the QRxPharma Limited 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 31 December 2016 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 QRxPharma 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.

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

*Conclusion*

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 QRxPharma 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 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



M A GODLEWSKI

Partner

22 February 2017



PITCHER PARTNERS

Sydney