QRxPharma Ltd

ABN 16 102 254 151

ASX Preliminary final report – 30 June 2010

Lodged with the ASX under Listing Rule 4.3A

The 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 2009 Statutory Annual Report dated 21 August 2009 and any public announcements made by QRxPharma Limited in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Contents **Page**

Appendix 4E Preliminary Final Report

QRxPharma Limited
ABN 16 102 254 151

1. Reporting Period

Report for the financial year ended 30 June 2010.
Previous corresponding period is the financial year ended 30 June 2009.

2. Results for announcement to the market

				$A'000
Revenue from ordinary activities *(item 2.1)*	Down	63.7%	To	261
Net loss from ordinary activities after tax attributable to members *(item 2.2)*	Up	102.6%	To	(27,348)
Net loss for the period attributable to members *(item 2.3)*	Up	102.6%	To	(27,348)

Brief explanation of any of the figures reported above necessary to enable the figures to be understood *(item 2.6)*

Revenue

The decrease in revenue represents a reduction in interest income earned as consequence of average lower funds held of $17.0 million (2009: $23.7 million) during the year together with lower prevailing interest rates of average 1.5% (2009: 3.0%). Interest earned amounted to $0.3 million (2009: $0.7 million).

Net loss from ordinary activities

The net loss from ordinary activities of $27.3 million (2009: net loss $13.5 million) was in line with expectations of the Board of Directors, and resulted from fulfilling research and development activities in the progression of the Company's clincial pipeline candidates and preclinical stage drugs. The prior year loss was favourably impacted by foreign exchange gains of $5.3 million (2010: loss $0.5 million).

The net loss also includes:

- other income of $0.4 million (2009: $5.5 million) represented by a gain on loss of control of Venomics Hong Kong Limited. The other income in 2009 included a foreign exchange gain of $5.3 million (as noted above).
- research and development expenditure of $18.0 million (2009: $11.9 million) primarily incurred in progressing the Company's Phase 3 clinical trial programme of its' lead compound MoxDuo® IR.
- total employee benefits expense of $6.1 million which was in line with the prior year (2009: $6.2 million).
- business development expenses of $1.1 million (2009 $0.2 million) associated with MoxDuo.
- depreciation and amortisation charge of $0.07 million (2009: $0.03 million)
- other expenses of $2.4 million (2009: $1.3 million) which includes $0.4 million charge for currency option premium expense (2009: $nil).

Dividends *(items 2.4 – 2.5)*
It is not proposed to a pay a dividend.

3. Income Statement - Refer to the attached Preliminary Financial Report

4. Balance Sheet - Refer to the attached Preliminary Financial Report

5. Cash Flow Statement - Refer to the attached Preliminary Financial Report

6. **Dividends –** It is not proposed to pay a dividend**.**

7. **Dividends –** It is not proposed to pay a dividend**.**

8. **Statement of Retained Earnings -** Refer to the attached Preliminary Financial Report

9. **Net Tangible Assets per Security** *(item 9)*

	30 June 2010	**30 June 2009**
Net tangible assets per ordinary share	$0.11	$0.23

10. The Group lost control over the following entity during the period;
10.1 Venomics Hong Kong Limited
10.2 The date of the loss of control was 15 October 2009.
10.3 This transaction resulted in a gain in the profit and loss statement of $0.4 million. The entity did not operate during this financial year through to the date of loss of control or during the previous reporting period.

Refer point 12 **"Commentary on the results - Venomics"** below for more detail.

11. The Group had no associates or joint venture entities.

12. **Commentary on the results** *(item 14)*

At 30 June 2010, the Company had cash reserves of $12.8 million (2009: $17.8 million). The operating results for the year ended 30 June 2010 are reflective of the Company's activities to progress the clinical trial programme for its lead compound, MoxDuo, while continuing to advance its other product candidates.

Key Achievements

MoxDuo:

QRxPharma is developing proprietary Dual Opioid® formulations for treating patients with moderate to severe acute or chronic pain. The Company's patented Dual Opioid product pipeline combines morphine and oxycodone to potentially offer physicians broader and better treatment options than traditional opioids, a large and growing market hindered by older therapies with significant side effects. There are no combination opioid products commercially available anywhere in the world.

- **MoxDuo® IR (an immediate-release oral tablet for acute pain**): In April 2010, the Company announced the successful completion of the first of two pivotal Phase 3 studies required for the submission of a New Drug Application (NDA) with the United States Food & Drug Administration (FDA). The trial enrolled 522 patients at six US clinical research sites and was conducted as a double-blind, randomised comparison of three fixed-dose treatment groups experiencing moderate to severe pain following bunionectomy surgery. Primary and secondary endpoints were met.

  In February 2010, the Company initiated its second Phase 3 registrational trial to compare the effectiveness and safety of a flexible MoxDuo IR dose regimen to a fixed low dose for managing moderate to severe pain in patients who have undergone total knee replacment surgery. Dosing of 140 patients is expected to be completed by end of Q3 CY2010 and the Company is targeting to file its NDA for MoxDuo IR in Q1 CY2011.

  In addition, in August 2009 a second Phase 3 program pilot comparator study was completed. This study was was designed to evaluate the analgesic efficacy and safety profile of MoxDuo IR in 44 patients who underwent knee replacement surgery against Percocet®. When compared at equianalgesic doses with Percocet®, the second most widely prescribed opioid in the US, MoxDuo IR demonstrated greater overall tolerability with substantially fewer incidences of moderate to severe nausea, vomiting, constipation, and hypotension than Percocet.

- **MoxDuo IV (an intravenous formulation for moderate to severe hospital-based pain):** The Company recently announced the results of a Phase 2 comparative proof-of-concept study of MoxDuo IV versus IV morphine alone. The dosing of 40 patients was conducted in Germany in collaboration the Cologne-Merheim Medical Center, University Hospital of the Witten/Herdecke University, and Cologne University Hospital. The data has demonstrated that QRxPharma's formulation of MoxDuo IV resulted in fewer side effects and offered better pain relief than morphine alone. The results will provide guidance for the design of further clinical trials leading to an Investigational New Drug (IND) submission to the FDA in late 2010.

  In February 2010, the Company announced a strategic alliance to collaborate in the development of MoxDuo IV with Aoxing Pharmaceutical Company (NYSE AMEX:AXN). Under the terms of the agreement, Aoxing will fund the development of MoxDuo IV for the China market in exchange for exclusive marketing rights in China. QRxPharma will retain ownership of MoxDuo IV and may use the clinical and preclinical work completed by Aoxing for product registration and commercialisation outside of China. Aoxing has also licensed MoxDuo IR for the Chinese marketplace, with QRxPharma providing the product for distribution.

- **MoxDuo CR (a controlled-release oral tablet for chronic pain):** In early 2010 the Company received approval for the IND filed with the FDA for the controlled-release formulation of MoxDuo, a product designed to provide 12 hours of pain relief.

  In May 2010, the Company successfully completed a Phase 1 trial for MoxDuo CR, which was conducted in 14 normal healthy volunteers at one US clinical research site and compared the rate at which key components of the MoxDuo CR formulation were absorbed, distributed, metabolised and eliminated by the body to the pharmacokinetic profile of Oxycontin® 20 mg (sustained release oxycodone). The results were consistent with expectations for a twice-daily formulation and keeps QRxPharma on track to finalise the MoxDuo CR tablet in early 2011 and to initiate Phase 2 trials shortly thereafter.

Other technologies:

- **Venomics:** The Company completed in October 2009 a strategic alliance with Liaoning Nuokang Medicines Co Ltd, a Chinese biopharmaceutical company based in Shenyang, China to develop and commercialise QRxPharma's venomics assets for the Chinese market. The strategic alliance involved Nuokang investing US$5.0 million for a controlling interest in Venomics Hong Kong Limited. The Hong Kong Company holds a license to commercialise two of QRxPharma's lead haemostasis product candidates: Textilinin, an antifibrinolytic agent, and Haempatch™, a potent pro-coagulant, in China. Data generated through the development of these products in China will support partnering activities in other territories, the rights of which have been retained by QRxPharma's subsidiary, Venomics Pty Limited.

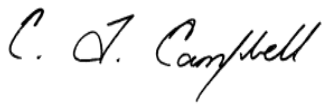
- **Neurodegenerative Disease Products:** Development efforts with the Company's Dystonia, Parkinson's Disease and Alzheimer's Disease programme (Torsin) with a family of small molecules continues under a collaborative research agreement at the University of Alabama (Caldwell Labs) to confirm the preclinical efficacy of its lead molecules. Preclinical trials supported in part by the Michael J. Fox Foundation are presently underway to evaluate QRxPharma's lead drug candidates in models of Parkinson's disease.

13. Status of audit *(items 15 to 17)*

This report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001. This report and the accounts upon which the report is based use the same accounting policies.

This report is based on accounts which are in the process of being audited.

The entity has a formally constituted audit committee.



Chris J Campbell
Company Secretary
QRxPharma Limited
26 August 2010

Attachment 1

QRxPharma Limited ABN 16 102 254 151
Preliminary Financial Report - 30 June 2010

Contents

This 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 accompanying notes, the 2009 Annual Report, the 2009 Annual Financial Statements, and any public announcements made by QRxPharma Limited in accordance with the continuous disclosure requirements of the Corporations Act 2001.

QRxPharma Limited
Consolidated statement of comprehensive income
For the year ended 30 June 2010

	Notes	**2010 $'000**	2009 $'000
Revenue from continuing operations	3	**261**	719
Other income	4	**405**	5,474
Research and development	5	**(18,006)**	(11,937)
Employee benefits expense	5	**(6,081)**	(6,191)
Depreciation and amortisation	5	**(65)**	(29)
Business development		**(1,131)**	(212)
Other expenses		**(2,383)**	(1,319)
Net foreign exchange (loss)	5	**(474)**	-
Loss before income tax		**(27,474)**	(13,495)
Income tax benefit		**-**	-
Loss from continuing operations		**(27,474)**	(13,495)
Loss for the year		**(27,474)**	(13,495)
Loss is attributable to:			
Owners of QRxPharma Limited		**(27,348)**	(13,495)
Non-controlling interests		**(126)**	-
		(27,474)	(13,495)
Exchange differences on translation of foreign operations		**(172)**	620
Other comprehensive (loss)/income for the year, net of tax		**(172)**	620
Total comprehensive (loss) for the year		**(27,646)**	(12,875)
Total comprehensive loss is attributable to:			
Owners of QRxPharma Limited		**(27,520)**	(12,875)
Non-controlling interests		**(126)**	-
		(27,646)	(12,875)
Earnings per share for loss attributable to the ordinary equity holders of the company:		**Cents**	Cents
Basic loss per share	11	**(30.0)**	(18.0)
Diluted loss per share	11	**(30.0)**	(18.0)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes, the 2009 Annual Report, the 2009 Annual Financial Statements, and any public announcements made by QRxPharma Limited in accordance with the continuous disclosure requirements of the Corporations Act 2001.

QRxPharma Limited
Consolidated balance sheet
As at 30 June 2010

	Notes	**2010 $'000**	2009 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**12,760**	17,773
Trade and other receivables		**76**	66
Other current assets		**390**	566
Total current assets		**13,226**	18,405
Non-current assets			
Available for sale financial assets	6	**407**	-
Property, plant and equipment		**240**	274
Intangible assets		**-**	-
Total non-current assets		**647**	274
Total assets		**13,873**	18,679
LIABILITIES			
Current liabilities			
Trade and other payables		**2,094**	1,684
Total current liabilities		**2,094**	1,684
Total liabilities		**2,094**	1,684
Net assets		**11,779**	16,995
EQUITY			
Contributed equity	7	**99,969**	79,694
Reserves	8(a)	**7,489**	5,737
Accumulated losses	8(b)	**(95,784)**	(68,436)
Non-controlling interests		**105**	-
Total equity		**11,779**	16,995

The above consolidated balance sheet should be read in conjunction with the accompanying notes, the 2009 Annual Report, the 2009 Annual Financial Statements, and any public announcements made by QRxPharma Limited in accordance with the continuous disclosure requirements of the Corporations Act 2001.

QRxPharma Limited
Consolidated statement of changes in equity
For the year ended 30 June 2010

	Attributable to the owners of QRxPharma Limited					
	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2008	79,694	3,584	(54,941)	28,337	-	28,337
Total comprehensive loss for the year	**-**	**620**	**(13,495)**	**(12,875)**	**-**	**(12,875)**
Transactions with owners in their capacity as owners:						
Employee share scheme	-	1,533	-	1,533	-	1,533
Balance at 30 June 2009	**79,694**	**5,737**	**(68,436)**	**16,995**	**-**	**16,995**
Total comprehensive loss for the year	**-**	**(172)**	**(27,348)**	**(27,520)**	**(126)**	**(27,646)**
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	20,275	-	-	20,275	-	20,275
Employee share scheme		1,461	-	1,461	116	1,577
Transactions with non-controlling interest reserve	-	463	-	463	115	578
	20,275	1,752	(27,348)	(5,321)	105	(5,216)
Balance at 30 June 2010	**99,969**	**7,489**	**(95,784)**	**11,674**	**105**	**11,779**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes, the 2009 Annual Report, the 2009 Annual Financial Statements, and any public announcements made by QRxPharma Limited in accordance with the continuous disclosure requirements of the Corporations Act 2001

QRxPharma Limited
Consolidated statement of cash flows
For the year ended 30 June 2010

	Notes	**2010 $'000**	2009 $'000
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of goods and services tax)		**(25,635)**	(17,956)
Interest received		**274**	813
Grant received	4	**-**	150
Net cash (outflow) from operating activities	12	**(25,361)**	(16,993)
Cash flows from investing activities			
Payments for property, plant and equipment		**(31)**	(230)
Net cash (outflow) from investing activities		**(31)**	(230)
Cash flows from financing activities			
Proceeds from issue of shares	7	**21,725**	-
Proceeds from sale of shares in Venomics Hong Kong Ltd	10(a)	**578**	-
Payments made in relation to capital raising	7	**(1,450)**	-
Net cash inflow / (outflow) from financing activities		**20,853**	-
Net (decrease) / increase in cash and cash equivalents		**(4,539)**	(17,223)
Cash and cash equivalents at the beginning of the financial year		**17,773**	29,672
Effects of exchange rate changes on cash and cash equivalents		**(474)**	5,324
Cash and cash equivalents at end of year		**12,760**	17,773

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes, the 2009 Annual Report, the 2009 Annual Financial Statements, and any public announcements made by QRxPharma Limited in accordance with the continuous disclosure requirements of the Corporations Act 2001.

1 Summary of significant accounting policies

This financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

This 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 accompanying notes, the 2009 Annual Report, the 2009 Annual Financial Statements, and any public announcements made by QRxPharma Limited in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as noted below.

Financial statement presentation

The group has applied the revised AASB 101 Presentation of Financial Statements which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the group had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

Segment reporting

The group has adopted AASB 8 Operating Segments from 1 July 2009. AASB 8 replaces AASB 114 Segment Reporting. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has not resulted in any change in the number of reportable segments presented.

Business combinations

A revised AASB 3 Business Combinations became operative on 1 July 2009. While the revised standard continues to apply the acquisition method to business combinations, there have been some significant changes.

All purchase consideration is now recorded at fair value at the acquisition date. Contingent payments classified as debt are subsequently remeasured through profit or loss. Under the group's previous policy, contingent payments were only recognised when the payments were probable and could be measured reliably and were accounted for as an adjustment to the cost of acquisition.

Acquisition-related costs are expensed as incurred. Previously, they were recognised as part of the cost of acquisition and therefore included in goodwill.

Non-controlling interests in an acquiree are now recognised either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. Under the previous policy, the non-controlling interest was always recognised at its share of the acquiree's net identifiable assets.

If the group recognises previous acquired deferred tax assets after the initial acquisition accounting is completed there will no longer be any adjustment to goodwill. As a consequence, the recognition of the deferred tax asset will increase the group's net profit after tax.

2 Segment information

Based on the internal reports that are reviewed and used by the executive management team (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 is that of the research and development of biopharmaceutical products for commercial sale. The Group's operations during the year were predominantly in Australia.

3 Revenue

	2010 **$'000**	2009 $'000
From continuing operations		
Interest	**261**	719

4 Other income

	2010 **$'000**	2009 $'000
Foreign exchange gain	**-**	5,324
Gain on loss of control in Venomics Hong Kong Limited	**405**	-
Export market development grant	**-**	150
	405	5,474

5 Expenses

	2010 **$'000**	2009 $'000
Loss before income tax includes the following specific expenses:		
Depreciation and amortisation		
Plant and equipment	**65**	29
	65	29
Net foreign exchange loss	**474**	-
Employee benefit expense		
Employee benefit expense	**4,447**	4,616
Defined contribution superannuation expense	**58**	42
Share option expense	**1,576**	1,533
	6,081	6,191
Research and development		
Research and development expensed	**18,006**	11,937
	18,006	11,937
Rental expenses relating to operating leases		
Minimum lease payments	**128**	136

6 Non-current assets – Available-for-sale financial assets

	2010 **$'000**	2009 $'000
Unlisted securities		
Equity securities	**407**	-

(a) Investments in related parties

In October 2009, Liaoning Nuokang Medicines Co. Ltd., a Chinese biopharmaceutical company based in Shenyang, China, invested US$5 million for a controlling interest in Venomics Hong Kong Limited a company established to develop and commercialise the Group's venomics assets, Textilinin and Haempatch™, for the Chinese market. Venomics Pty Limited, which is a majority owned subsidiary of QRxPharma Limited and holds all of the venomics assets of the Group, maintains a minority interest in Venomics Hong Kong Limited. Data generated through the development of these products in China will support partnering activities in other territories, the rights of which have been retained by Venomics Pty Limited. The available for sale financial asset represents the Group's 6.98% investment in Venomics Hong Kong Limited.

7 Contributed equity

	2010 **Shares**	2009 Shares	**2010** **$'000**	2009 $,000
(a) Share capital				
Ordinary shares - fully paid	**102,475,000**	75,000,000	**99,969**	79,694

(b) Movements in ordinary share capital:

Date	**Details**	**Number of shares**	**Issue price**	**$,000**
1 July 2008	Opening Balance	75,000,000		79,694
30 June 2009	Balance	75,000,000		79,694
19 November 2009	Share placement	10,000,000	0.80	8,000
23 December 2009	Rights issue	17,000,000	0.80	13,600
2 March 2010	Exercise of employee options	92,400	0.20	18
18 March 2010	Exercise of employee options	40,000	0.20	8
31 March 2010	Exercise of employee options	92,400	0.20	18
29 April 2010	Exercise of employee options	95,200	0.20	19
29 April 2010	Exercise of employee options	30,000	0.65	20
2 June 2010	Exercise of employee options	100,000	0.37	37
21 June 2010	Exercise of employee options	25,000	0.20	5
Less: Transaction costs arising on issue of shares		-		(1,450)
30 June 2010	Balance	102,475,000		99,969

During the 30 June 2010 year, QRxPharma Limited successfully raised $21.6 million (before expenses) as a result of a fully underwritten institutional placement raising $8 million and a fully underwritten 1 for 5 renounceable rights issue raising a further $13.6 million. The issue price under the placement and rights Issue was $0.80 per share resulting in the issue of 27 million new ordinary shares.

8 Reserves and accumulated losses

	2010 **$'000**	2009 $'000
(a) Reserves		
Share-based payments reserve	**6,893**	5,432
Foreign currency translation reserve	**133**	305
Transactions with non-controlling interest reserve	**463**	-
	7,489	5,737
Movements:		
Share-based payments reserve		
Balance 1 July	**5,432**	3,899
Option expense	**1,576**	1,533
Non-controlling interest	**(115)**	-
Balance 30 June	**6,893**	5,432
Foreign currency translation reserve		
Balance 1 July	**305**	(315)
Currency translation differences arising during the year	**(172)**	620
Balance 30 June	**133**	305
Transactions with non-controlling interest reserve		
Balance 1 July		
Sale of shares in Venomics Pty Limited	**463**	-
Balance 30 June	**463**	-

(b) Accumulated losses

Movements in accumulated losses were as follows:

	2010 **$'000**	2009 $'000
Balance at 1 July 2009	**(68,436)**	(54,941)
Net Loss for the year	**(27,348)**	(13,495)
Balance 30 June	**(95,784)**	(68,436)

9 Contingencies

There have been no changes to the Group's contingent liabilities reported as at 30 June 2009.

10 Subsidiaries

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

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2010	2009
			%	%
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	**80**	100

(a) Transactions with non-controlling interests

On 23 September 2009, QRxPharma Limited issued shares amounting to a 10% interest in Venomics Pty Limited to Liaoning Nuokang Medicines Co. Ltd, a Chinese biopharmaceutical company based in Shenyang, China for US$500,000.
The carrying amount of the non-controlling interests in Venomics Pty Limited on the date the transaction was AUD$115,000. The group recognised a gain on the sale of a 10% interest of AUD$578,000 and an increase in equity attributable to the owners of the parent of AUD$463,000. The effect of changes in the ownership interest of QRxPharma Limited on the equity attributable to the owners of QRxPharma Limited during the year is summarised as follows:

	2010	2009
	$'000	$'000
Consideration received for non-controlling interest	**578**	**-**
Carrying amount of controlling interest	**(115)**	**-**
Excess of consideration received recognised in the transactions with non-controlling interest reserve within equity	**463**	**-**

On 7 July 2009 Janette Dixon was issued a 10% interest in Venomics Pty Limited. In accordance with AASB 2 Share-based payments, this transaction was measured at fair value and resulted in a share based payments expense of AUD $578,000. There were no transactions with non-controlling interests in 2009.

11 Loss per share

	2010 Cents	2009 Cents
(a) Basic loss per share		
Loss from continuing operations attributable to the ordinary equity holders of the company	**(30.0)**	(18.0)
(b) Diluted loss per share		
Loss from continuing operations attributable to the ordinary equity holders of the company	**(30.0)**	(18.0)

(c) Reconciliations of earnings used in calculating earnings per share

	2010 $'000	2009 $'000
Basic loss per share		
Loss attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**(27,348)**	(13,495)
Diluted loss per share		
Loss attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	**(27,348)**	(13,495)

(d) Weighted average number of shares used as the denominator

	2010 Number	2009 Number
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	**90,384,036**	75,000,000
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted loss per share	**90,384,036**	75,000,000

12 Reconciliation of profit after income tax to net cash outflow from operating activities

	2010 $'000	2009 $'000
Loss for the year	**(27,474)**	(13,495)
Depreciation and amortisation	**65**	29
Non-cash employee benefits expense - share-based payments	**1,576**	1,533
Net exchange differences on cash and cash equivalents	**295**	(4,704)
Gain on loss of control of Venomics Hong Kong Limited	**(405)**	-
Change in operating assets and liabilities		
(Increase)/decrease in other receivables and prepayments	**177**	(16)
Increase/(decrease) in trade creditors and accruals	**405**	(340)
Increase/(decrease) in other operating liabilities	**-**	-
Net cash outflow from operating activities	**(25,361)**	(16,993)

13 Unlisted share options

Grant Date 2010	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
31 March 2007	31 March 2014	$1.42	402,726	-	-	-	402,726	402,726
14 April 2007	14 April 2014	$1.00	2,013,630	-	-	-	2,013,630	2,013,630
25 May 2007	25 May 2014	$2.00	1,448,450	-	-	-	1,448,450	1,448,450
25 May 2007	25 May 2014	$1.00	552,726	-	-	-	552,726	552,726
25 May 2007	25 May 2014	$2.20	322,181	-	-	322,181	-	-
01 September 2007	01 September 2014	$1.70	50,000	-	-	-	50,000	45,833
01 October 2007	01 October 2014	$1.45	75,000	-	-	-	75,000	68,750
09 October 2007	09 October 2014	$1.34	50,000	-	-	-	50,000	45,833
01 January 2008	01 January 2015	$1.11	350,000	-	-	150,000	200,000	166,667
01 April 2008	01 April 2015	$1.05	600,000	-	-	-	600,000	450,000
01 April 2008	01 April 2015	$1.04	75,000	-	-	-	75,000	56,250
01 October 2008	01 October 2015	$0.60	50,000	-	-	-	50,000	29,167
04 November 2008	04 November 2015	$0.37	100,000	-	100,000	-	-	-
01 January 2009	01 January 2016	$0.20	710,000	-	345,000	35,000	330,000	165,000
31 August 2009	31 August 2016	$0.65	-	537,500	30,000	30,000	477,500	-
01 October 2009	01 October 2016	$0.90	-	150,000	-	-	150,000	-
16 November 2009	16 November 2016	$1.12	-	300,000	-	-	300,000	-
01 January 2010	01 January 2017	$0.78	-	100,000	-	-	100,000	-
17 February 2010	17 February 2017	$0.84	-	565,000	-	-	565,000	-
24 March 2010	24 March 2017	$1.26	-	295,000	-	-	295,000	-
Total			6,799,713	1,947,500	475,000	537,181	7,735,032	5,445,032

14 Events occurring after the balance sheet date

No significant events have occurred after the balance sheet date which would have a material impact on the financial results of the Group.