



QRxPharma Limited

ABN 16 102 254 151

ASX Half year interim financial report – 31 December 2017

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 2017 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

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Reporting period: Half year ended 31 December 2017

(Previous corresponding period: Half year ended 31 December 2016)

Results for announcement to the market

				A\$
Revenue from ordinary activities	Down	67%	to	\$1,666
Net loss from ordinary activities after tax	Down	18%	to	\$(190,922)
Net loss for the half year attributable to members	Down	18%	To	\$(190,922)

Commentary:

At 31 December 2017, the Group holds cash and cash equivalents of \$442,475 (30 June 2017: \$641,103). 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>2017</u>	<u>31 December</u> <u>2016</u>
Net tangible assets per ordinary share	\$0.003	\$0.005

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 2017

QRxPharma Limited ABN 16 102 254 151
Interim report – 31 December 2017

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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 2017 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 23 February 2018, 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.

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 2017.

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:

Timothy P Heesh
John P Rainbow

Principal Activities

The focus for the period has been identifying the business opportunities that will assist the reinstatement of the Company's securities to official quotation on the Australian Securities Exchange.

The Company received a notice from the ASX advising that it may face automatic removal from the ASX Official List should the company remain continuously suspended on 22 May 2018. The Board will continue to evaluate potential opportunities that will assist the reinstatement of the Company's securities to official quotation on the Australian Securities Exchange (ASX).

Review of operations

The net loss for the half-year from ordinary activities was \$190,922 (2016: net loss \$234,130) and includes the following key items:

Operating expenditures were down by 19% to \$192,588 (2016: \$239,189) and were inclusive of:

- General and administrative expense of \$188,014 (2016: \$193,415). The decrease is attributable to the Group's decision to wind down activities.

At 31 December 2017, the Group holds cash and cash equivalents of \$442,475 (30 June 2017: \$641,103). 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 3.

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



Timothy P Heesh
Director

Sydney
Date: 23 February 2018

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AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of QRxPharma Limited

In relation to the independent auditor's review for the half-year ended 31 December 2017, to the best of my knowledge and belief there have 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

23 February 2018

QRxPharma Limited

Condensed consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2017

	Note	Half - year 31 Dec 2017 \$	31 Dec 2016 \$
Revenue from continuing operations	3	1,666	5,059
Employee benefits expense			
- employee salary benefits		-	(37,675)
- defined contribution superannuation		(2,850)	(4,093)
Research and development expense		-	-
Restructuring expense		-	(5,641)
General and administration expense		(188,014)	(193,415)
Depreciation and amortisation		(123)	(368)
Net foreign exchange gain		(1,601)	2,003
(Loss) before income tax		<u>(190,922)</u>	<u>(234,130)</u>
Income tax benefit		-	-
(Loss) from continuing operations		<u>(190,922)</u>	<u>(234,130)</u>
(Loss) for the half-year		<u>(190,922)</u>	<u>(234,130)</u>
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(592)	364
Other comprehensive income for the half-year, net of tax		(592)	364
Total comprehensive (loss) for the half-year		<u>(191,514)</u>	<u>(233,766)</u>
Loss is attributable to:			
Owners of QRxPharma Limited		(190,922)	(234,130)
Non-controlling interest		-	-
		<u>(190,922)</u>	<u>(234,130)</u>
Total comprehensive (loss) is attributable to:			
Owners of QRxPharma Limited		(191,514)	(233,766)
Non-controlling interests		-	-
		<u>(191,514)</u>	<u>(233,766)</u>
Earnings per share for loss attributable to the ordinary equity holders of the company:		Cents	Cents
Basic and diluted (loss) per share		(0.1)	(0.1)

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 2017

	Note	31 Dec 2017 \$	30 June 2017 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	427,770	626,297
Trade and other receivables		<u>8,543</u>	<u>11,930</u>
Total current assets		<u>436,313</u>	<u>638,227</u>
Non-current assets			
Plant and equipment		243	365
Other financial assets	4	<u>14,705</u>	<u>14,806</u>
Total non-current assets		<u>14,948</u>	<u>15,171</u>
Total assets		<u>451,261</u>	<u>653,398</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	5	<u>25,853</u>	<u>36,476</u>
Total current liabilities		<u>25,853</u>	<u>36,476</u>
Total liabilities		<u>25,853</u>	<u>36,476</u>
Net assets		<u>425,408</u>	<u>616,922</u>
EQUITY			
Contributed equity	6	155,341,513	155,341,513
Reserves		13,493,541	13,494,133
Accumulated losses		<u>(168,345,114)</u>	<u>(168,154,192)</u>
Capital and reserves attributable to the owners of QRxPharma Limited		<u>489,940</u>	<u>681,454</u>
Non-controlling interest		<u>(64,532)</u>	<u>(64,532)</u>
Total equity		<u>425,408</u>	<u>616,922</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 2017

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 \$
Balance at 1 July 2016	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)
Balance at 31 December 2016	155,341,513	12,635,278	403,963	455,548	(167,966,040)	870,262	(64,532)	805,730
Balance at 1 July 2017	155,341,513	12,635,278	403,307	455,548	(168,154,192)	681,454	(64,532)	616,922
Loss for the half-year	-	-	-	-	(190,922)	(190,922)	-	(190,922)
Other comprehensive income	-	-	(592)	-	-	(592)	-	(592)
Total comprehensive loss for the half-year	-	-	(592)	-	(190,922)	(191,514)	-	(191,514)
Balance at 31 December 2017	155,341,513	12,635,278	402,715	455,548	(168,345,114)	489,940	(64,532)	425,408

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 2017

	Note	Half-year 31 Dec 2017 \$	31 Dec 2016 \$
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of goods and services tax)		(198,448)	(407,414)
Interest received		1,666	5,059
		<u> </u>	<u> </u>
Net cash (outflow) from operating activities		<u>(196,782)</u>	<u>(402,355)</u>
Cash flows from investing activities			
Payments for plant and equipment		<u> -</u>	<u> -</u>
Net cash (outflow) from investing activities		<u> -</u>	<u> -</u>
Cash flows from financing activities			
Proceeds from issue of shares		<u> -</u>	<u> -</u>
Payments made in relation to capital raising		<u> -</u>	<u> -</u>
Net cash inflow from financing activities		<u> -</u>	<u> -</u>
Net increase/(decrease) in cash and cash equivalents		(196,782)	(402,355)
Cash and cash equivalents at the beginning of the financial year		641,103	1,193,886
Effects of exchange rate changes on cash and cash equivalents		<u>(1,846)</u>	<u>2,307</u>
Cash and cash equivalents at end of half-year		<u>442,475</u>	<u>793,838</u>

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 2017 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 2017 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 2017 annual financial report for the financial year ended 30 June 2017, 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 2017, the Group incurred a net loss of \$190,922 (2016: \$234,130) and had net cash outflows from operating activities of \$196,782 (2016: \$402,355).

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 2017, the Group holds cash and cash equivalents of \$442,475 (30 June 2017: \$641,103).

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) 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 2017, 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.

3 Revenue from continuing operations

	Half-year	
	31 Dec 2017 \$	31 Dec 2016 \$
Interest income	<u>1,666</u>	<u>5,059</u>

4 Cash and cash equivalents

	31 Dec 2017 \$	30 June 2017 \$
Current		
Cash at bank	427,770	626,297
Non-current		
Other financial assets	<u>14,705</u>	<u>14,806</u>
	<u>442,475</u>	<u>641,103</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 Trade and other payables

	31 Dec 2017 \$	30 June 2017 \$
Trade payables	18,429	10,818
Other payables	<u>7,424</u>	<u>25,658</u>
	<u>25,853</u>	<u>36,476</u>

6 Equity securities issued

		Number of shares	Issue price	\$
Ordinary shares fully paid 1 July 2017	Balance	164,190,969		155,341,513
Movement		-		-
31 December 2017	Balance	<u>164,190,969</u>		<u>155,341,513</u>

7 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 2017 %	30 June 2017 %
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.

8 Contingent liabilities

There have been no changes in the Company's contingent liabilities reported as at 30 June 2017.

QRxPharma Limited
Directors' declaration
31 December 2017

In the directors' opinion:

- (a) the financial statements and notes set out on pages 5 to 10 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 2017 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: 23 February 2018

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF QRXPHARMA 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 2017, 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 2017 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 2017 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*.

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 1(b) Going Concern in the financial report which indicates that should the consolidated entity identify an investment opportunity but not obtain additional funding to pursue the opportunity, material uncertainty would exist as to the ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report.



M A GODLEWSKI

Partner

22 February 2018



PITCHER PARTNERS

Sydney