

## 1. Company details

Name of entity:	Noxopharm Limited
ABN:	50 608 966 123
Reporting period:	For the half-year ended 31 December 2017
Previous period:	For the half-year ended 31 December 2016

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## 2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	- to	-
Loss from ordinary activities after tax attributable to the owners of Noxopharm Limited	up	952.7% to	(11,990,547)
Loss for the half-year attributable to the owners of Noxopharm Limited	up	952.7% to	(11,990,547)

### *Dividends*

There were no dividends paid, recommended or declared during the current financial period.

### *Comments*

The loss for the consolidated entity after providing for income tax amounted to \$11,990,547 (31 December 2016: \$1,139,068).

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## 3. Net tangible assets

	<b>Reporting period Cents</b>	<b>Previous period Cents</b>
Net tangible assets per ordinary security	<u>4.36</u>	<u>2.90</u>

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## 4. Control gained over entities

On 29 August 2017 the Company formed a new foreign company, Nyrada Inc which is a US-based entity. Upon incorporation, the Company owned 50% of Nyrada Inc. On 20 November 2017, subsequent to receipt of shareholder approval, Nyrada Inc acquired the following entities: Norbio No.1 Pty Ltd and Norbio No.2 Pty Ltd (from the Company) and Cardio Therapeutics Pty Ltd (from Altnia Holdings Pty Ltd). The effect of these acquisitions was that the Company owned 66.7% of Nyrada Inc from 20 November 2017.

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## 5. Loss of control over entities

Not applicable.

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## 6. Dividends

### *Current period*

There were no dividends paid, recommended or declared during the current financial period.

*Previous period*

There were no dividends paid, recommended or declared during the previous financial period.

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**7. Dividend reinvestment plans**

Not applicable.

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**8. Details of associates and joint venture entities**

Not applicable.

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**9. Foreign entities**

*Details of origin of accounting standards used in compiling the report:*

During the period, the Company formed a new foreign company, Nyrada Inc which is a US-based entity. The accounting policies of Nyrada Inc are consistent with those adopted by its ultimate holding company, Noxopharm Limited.

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**10. Audit qualification or review**

*Details of audit/review dispute or qualification (if any):*

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

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**11. Attachments**

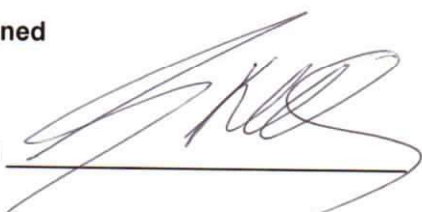
*Details of attachments (if any):*

The Interim Report of Noxopharm Limited for the half-year ended 31 December 2017 is attached.

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**12. Signed**

Signed



Date: 22 February 2018

# **Noxopharm Limited**

**ABN 50 608 966 123**

## **Interim Report - 31 December 2017**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Noxopharm Limited (referred to hereafter as the 'company' or 'parent entity') 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 the Noxopharm Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Dr. Graham Kelly, Managing Director and Chief Executive Officer  
Mr. Peter Marks, Non-Executive Chairman  
Dr. Ian Dixon, Non-Executive Director

### **Principal activities**

The Company's principal activity in the course of the financial year was the research and development of NOX66 in the field of adjuvant therapy in chemotherapy and radiotherapy. During the year, the Company established Nyrada Inc, a company based in New York, US, to research and develop non-oncology drug programs. The initial programs are:

- NYX-104: a drug that blocks a self-destructive process in the human nervous system known as excitotoxicity;
- NYX-205: an anti-inflammatory drug intended to treat the painful condition of peripheral neuropathy, a common condition in diabetics and cancer patients undergoing chemotherapy. The same anti-inflammatory action the basis of a drug to treat the debilitating conditions of ulcerative colitis and sclerosing cholangitis, those conditions one of the major reasons for liver transplantation; and
- NYX-330: a drug intended to replace the out-of-patent statin drugs in the treatment of high blood cholesterol levels.

There were no other significant changes in the nature of the Company's principal activity during the financial year.

### **Review of operations**

The loss for the consolidated entity after providing for income tax amounted to \$11,990,547 (31 December 2016: \$1,139,068).

During the period, the Company has carried out the following:

- adoption and initiation of a clinical trial program strategy known as DARRT;
- completion of enrolment in the Phase 1b first-in-human study of NOX66 in combination with carboplatin in patients with late-stage solid cancer
- establishment of US subsidiary, Nyrada Inc for the purpose of developing non-oncology drug intellectual property, including acquisition of Cardio Therapeutics Pty Ltd following shareholder approval and commencement of a Nyrada convertible note raising;
- securing a supply of NOX66 in line with the plan for significant increase in NOX66 clinical trial program in 2018;
- increased investment into studying the chemistry behind the success of NOX66;
- continue to work towards the SCAN Study (Sensitisation of Carboplatin by NOX66) conclusion in April 2018;
- study under the LUPIN Study (Lutetium-PSMA in combination with NOX66) which has an initial 4 patients trial;
- increased the infrastructure and personnel of the Company and Nyrada Inc as basis of ongoing development of Research & Development and clinical trial program; and
- in December 2017, the Company held mediation with Kazia Therapeutics Ltd in relation to certain intellectual property claims. Noxopharm disputed those claims. The matter was settled with securities and cash payment made by the Company as outlined in Note 8. The accounting for the shares and options has resulted in a significant non-cash loss being recorded for the half year as a result of the issue of these securities.

### **Significant changes in the state of affairs**

On 29 August 2017 the Company formed a new foreign company, Nyrada Inc which is a US-based entity, for the purpose of developing non-oncology drug intellectual property with Altnia Holdings Pty Ltd, a company related to Dr Ian Dixon. Upon incorporation, the Company owned 50% of Nyrada Inc. On 20 November 2017, subsequent to receipt of shareholder approval, Nyrada Inc acquired the following entities: Norbio No.1 Pty Ltd and Norbio No.2 Pty Ltd (from the Company) and Cardio Therapeutics Pty Ltd (from Altnia Holdings Pty Ltd). The effect of these acquisitions was that the Company owned 66.7% of Nyrada Inc from 20 November 2017.

On 4 September 2017, the Company raised \$5.5 million, through the issue of 16,666,667 shares at 33 cents per share. During the period, the Company raised \$407,250 from the exercise of 1,357,500 options.

On 1 December 2017, Nyrada Inc released an information memorandum to raise funding for the purpose of developing non-oncology drug intellectual property.

On 11 December 2017, the Company changed its registered office to :

Suite 3, Level 4  
828 Pacific Highway  
GORDON NSW 2072

On 22 December 2017, the Company and Kazia Therapeutics Ltd settled the matters outlined in Note 8 in the financial statements.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

#### **Matters subsequent to the end of the financial half-year**

In January 2018, the Company received \$855,518 under the Federal Government's Research and Development (R&D) Tax Incentive Scheme.

On 18 January 2018, the Company issued the securities and made payment to Kazia Therapeutics Limited ("Kazia") as outlined in Note 8 in the financial statements. These transactions have been recognised in the 31 December 2017 statement of financial position.

On 16 February 2018, Nyrada Inc closed its convertible note raising, having raised \$4.0 million via the issue of notes of \$1.00 each. Each note can be converted or redeemed as follows:

- If Nyrada Inc lists on a stock exchange in Australia or USA within 18 months of the issue of note, each 12 notes will convert to 3 New Shares and 2 New Options, where each New Option has an exercise price of \$6.00 and expiry of 30 November 2020;
- If Nyrada Inc does not list on a stock exchange in Australia or USA within 18 months of the issue of note, then the notes will be redeemed 1) to the extent possible, by the issue of shares in the Company at a 25% discount to the 10-day VWAP immediately prior to the conversion notice or 2) payment of the face value of the notes.

No other matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

#### **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 immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



**Dr. Graham Kelly**  
Managing Director & Chief Executive Officer

22 February 2018

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE  
CORPORATIONS ACT 2001 TO THE DIRECTORS OF NOXOPHARM LIMITED**

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2017 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

*William Buck*

**William Buck Audit (Vic) Pty Ltd**  
ABN 59 116 151 136

*J. C. Luckins*

**J. C. LUCKINS**

Director

Melbourne, 22<sup>nd</sup> of February 2018

**CHARTERED ACCOUNTANTS  
& ADVISORS**

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## **General information**

The financial statements cover Noxopharm Limited as a consolidated entity consisting of Noxopharm Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Noxopharm Limited's functional and presentation currency.

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

Suite 3 Level 4  
828 Pacific Highway  
GORDON NSW 2072

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 22 February 2018.

**Noxopharm Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2017**



		<b>Consolidated</b>	
	<b>Note</b>	<b>31 December 2017</b>	<b>31 December 2016</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>			
Other income	3	891,485	28,601
<b>Expenses</b>			
Corporate administration expenses		(702,865)	(410,309)
Research and development expenses		(2,234,661)	(235,681)
Settlement agreement relating to dispute	8	(7,991,242)	-
Depreciation expense		(15,532)	(17,392)
Finance fee expenses		(10,729)	(8,723)
Consulting, employee and director expenses		(1,853,206)	(423,550)
Travel and entertainment expenses		(73,797)	(72,014)
<b>Loss before income tax expense</b>		<b>(11,990,547)</b>	<b>(1,139,068)</b>
Income tax expense		-	-
<b>Loss after income tax expense for the half-year attributable to the owners of Noxopharm Limited</b>		<b>(11,990,547)</b>	<b>(1,139,068)</b>
Other comprehensive income for the half-year, net of tax		-	-
<b>Total comprehensive income for the half-year attributable to the owners of Noxopharm Limited</b>		<b>(11,990,547)</b>	<b>(1,139,068)</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	11	(12.47)	(1.64)
Diluted earnings per share	11	(12.47)	(1.64)

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



**Noxopharm Limited**  
**Statement of financial position**  
**As at 31 December 2017**



		<b>Consolidated</b>	
		<b>31 December</b>	
	<b>Note</b>	<b>2017</b>	<b>30 June 2017</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		3,988,937	2,457,848
Trade and other receivables	4	957,919	62,584
Other assets		61,759	46,842
<b>Total current assets</b>		<u>5,008,615</u>	<u>2,567,274</u>
<b>Non-current assets</b>			
Plant and equipment		329,613	64,358
Intangibles	5	37,000	768
Others		118,818	196,156
<b>Total non-current assets</b>		<u>485,431</u>	<u>261,282</u>
<b>Total assets</b>		<u>5,494,046</u>	<u>2,828,556</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		800,246	290,611
Employee benefits		161,214	70,431
<b>Total current liabilities</b>		<u>961,460</u>	<u>361,042</u>
<b>Total liabilities</b>		<u>961,460</u>	<u>361,042</u>
<b>Net assets</b>		<u>4,532,586</u>	<u>2,467,514</u>
<b>Equity</b>			
Issued capital	6	17,669,486	6,218,140
Non-controlling interest		37,001	-
Reserves		2,567,272	-
Accumulated losses		(15,741,173)	(3,750,626)
<b>Total equity</b>		<u>4,532,586</u>	<u>2,467,514</u>

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

**Noxopharm Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2017**



<b>Consolidated</b>	<b>Issued capital</b> \$	<b>Option reserve</b> \$	<b>Accumulated losses</b> \$	<b>Non-controlling interest</b> \$	<b>Total equity</b> \$
Balance at 1 July 2016	730,600	-	(704,725)	-	25,875
Loss after income tax expense for the half-year	-	-	(1,139,068)	-	(1,139,068)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	(1,139,068)	-	(1,139,068)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	5,487,540	-	-	-	5,487,540
Balance at 31 December 2016	<u>6,218,140</u>	<u>-</u>	<u>(1,843,793)</u>	<u>-</u>	<u>4,374,347</u>
<b>Consolidated</b>	<b>Issued capital</b> \$	<b>Option reserve</b> \$	<b>Accumulated losses</b> \$	<b>Non-controlling interest</b> \$	<b>Total equity</b> \$
Balance at 1 July 2017	6,218,140	-	(3,750,626)	-	2,467,514
Loss after income tax expense for the half-year	-	-	(11,990,547)	-	(11,990,547)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	(11,990,547)	-	(11,990,547)
Non-controlling interest of Nyrada Inc	-	-	-	37,001	37,001
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 6)	11,451,346	-	-	-	11,451,346
Share-based payments	-	2,567,272	-	-	2,567,272
Balance at 31 December 2017	<u>17,669,486</u>	<u>2,567,272</u>	<u>(15,741,173)</u>	<u>37,001</u>	<u>4,532,586</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

**Noxopharm Limited**  
**Statement of cash flows**  
**For the half-year ended 31 December 2017**



	<b>Consolidated</b>	
	<b>31 December</b>	<b>31 December</b>
<b>Note</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(3,747,613)	(1,266,413)
Interest received	35,967	28,601
	<u>(3,711,646)</u>	<u>(1,237,812)</u>
<b>Cash flows from investing activities</b>		
Payments for plant and equipment	(280,019)	(16,933)
Payments for deposits	-	(61,505)
	<u>(280,019)</u>	<u>(78,438)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	6 5,907,250	6,000,000
Share issue transaction costs	6 (384,496)	(512,460)
	<u>5,522,754</u>	<u>5,487,540</u>
Net cash from financing activities		
Net increase in cash and cash equivalents	1,531,089	4,171,290
Cash and cash equivalents at the beginning of the financial half-year	2,457,848	160,960
Cash and cash equivalents at the end of the financial half-year	<u><u>3,988,937</u></u>	<u><u>4,332,250</u></u>

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

## **Note 1. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

### **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Noxopharm Limited ('company' or 'parent entity') as at 31 December 2017 and the results of all subsidiaries for the period then ended. Noxopharm Limited and its subsidiaries together are referred to in these financial statements as the 'group' or 'consolidated entity'.

Subsidiaries are all those entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the group. Losses incurred by the group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Acquisitions by the consolidated entity of entities which are under common control are accounted for using predecessor accounting. The assets and liabilities of the acquired entity are recognised at the predecessor values; therefore no restatement of the acquiree's assets and liabilities to fair value are required. The difference between the consideration transferred and the carrying value of the net assets is recorded in equity in a common control reserve; as a result no goodwill is recognised on acquisition. The consolidated financial statements incorporate the acquired entity's results from the first day of the month in which the transaction took place. Consequently, the consolidated financial statements do not reflect the results of the acquired entity for the period before the transaction occurred. The corresponding amounts for the prior period are also not restated.

### **Grant research and development tax incentives**

Government grants, including research and development incentives are recognised at fair value when there is reasonable assurance that the grant will be received and all grant conditions will be met.

### **New or amended Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

**Note 1. Significant accounting policies (continued)**

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**Note 2. Operating segments**

*Identification of reportable operating segments*

The consolidated entity is organised into one operating segments: research and development of NOX66 in the field of adjuvant therapy in chemotherapy and radiotherapy. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

**Note 3. Other income**

	<b>Consolidated</b>	
	<b>31 December 2017</b>	<b>31 December 2016</b>
	<b>\$</b>	<b>\$</b>
Interest income	35,967	28,601
R&D tax incentives	855,518	-
Other income	<u>891,485</u>	<u>28,601</u>

**Note 4. Current assets - trade and other receivables**

	<b>Consolidated</b>	
	<b>31 December 2017</b>	<b>30 June 2017</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	-	62,584
Other receivables	102,401	-
R&D tax incentive receivable	855,518	-
	<u>957,919</u>	<u>-</u>
	<u>957,919</u>	<u>62,584</u>

The Company received the R&D tax incentive on 15 January 2018.

**Note 5. Non-current assets - intangibles**

	<b>Consolidated</b>	
	<b>31 December 2017 \$</b>	<b>30 June 2017 \$</b>
Website - at cost	12,330	12,330
Less: Accumulated amortisation	(12,330)	(11,562)
	<u>-</u>	<u>768</u>
IP - PCSK9	37,000	-
	<u>37,000</u>	<u>768</u>

See Note 9 on the details on the acquisition of the IP-PCSK9 from Cardio Therapeutics Pty Ltd.

**Note 6. Equity - issued capital**

	<b>Consolidated</b>			
	<b>31 December 2017 Shares</b>	<b>30 June 2017 Shares</b>	<b>31 December 2017 \$</b>	<b>30 June 2017 \$</b>
Ordinary shares - fully paid	<u>103,195,596</u>	<u>85,171,429</u>	<u>17,669,486</u>	<u>6,218,140</u>

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>\$</b>
Balance	1 July 2017	85,171,429	6,218,140
Share placement	4 September 2017	16,666,667	5,500,000
Exercise of options	7 November 2017	100,000	30,000
Exercise of options	15 November 2017	350,000	105,000
Exercise of options	7 December 2017	807,500	242,250
Exercise of options	18 December 2017	100,000	30,000
Shares to be issued to Kazia *	22 December 2017	-	5,928,592
Share issue costs		<u>-</u>	<u>(384,496)</u>
Balance	31 December 2017	<u>103,195,596</u>	<u>17,669,486</u>

\* the actual shares were issued on 18 January 2018 however, for accounting purposes have been brought to account on the signing of the agreement on 22 December 2017.

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Share buy-back*

There is no current on-market share buy-back.

### **Note 7. Equity - dividends**

There were no dividends paid, recommended or declared during the current or previous financial half-year.

### **Note 8. Kazia Therapeutics Limited**

Kazia Therapeutics Limited ("Kazia") (ASX: KZA) claimed that in relation to that Company's key asset, NOX66, it owned all intellectual property in the formulation and use of the technology. The Company disputed that claim and that NOX66 is owned by the Company ("Dispute"). On 22 December 2017 Noxopharm settled the Dispute, with a payment for settlement of the Dispute being:

- 5,317,123 ordinary shares in Noxopharm Limited, held under voluntary escrow until 14 June 2018; and
- 3,000,000 unlisted options in Noxopharm Limited, with an exercise price of \$0.80, expiring 18 January 2020, unable to be exercised prior to 18 July 2018.

In addition, a cash payment of \$165,000 (including GST) was paid by the Company to Kazia for technical information in the form of a report and related materials and costs.

The total value to date of the arrangement has been valued at \$8,141,242 and has been recognised within the statement of profit or loss as follows:

- \$150,000 in the Research and Development costs; and
- \$7,991,242 in Settlement Agreement relating to Dispute (and which is a non-cash item for Noxopharm).

The ordinary shares were valued using market price of the shares at the date the settlement agreement (\$1.115) and the fair value of the options (\$0.6876 each) were calculated using the Black-Scholes model, based the following assumptions:

- Share price at date of grant: \$1.115
- Exercise price per option: \$0.80
- Volatility: 100%
- Risk-free rate: 2.145%
- Expiry: 2 years from issue date

### **Note 9. Nyrada Inc and Cardio Therapeutics Pty Ltd**

#### *Nyrada Inc and Cardio Therapeutics Pty Ltd*

#### *Nyrada Inc (Nyrada)*

On 25 September 2017, the Company formed a subsidiary company, Nyrada Inc ("Nyrada"), a US-registered company based in New York. Its purpose is to house non-oncology IP that is outside Noxopharm Limited's primary focus on oncology drug development. Nyrada is jointly owned by Noxopharm and Altnia Holdings Pty Ltd, as trustee for I. Dixon Family Trust (Altnia).

Noxopharm entered into a share sales and subscription agreement with Nyrada in which Noxopharm agreed to transfer the total share capital of its wholly owned subsidiaries of Norbio No. 1 Pty Ltd and Norbio No. 2 Pty Ltd to Nyrada in consideration for 6,669 shares in Nyrada, representing 66.7% of the Nyrada's share capital.

As these transactions were deemed to be under common control, the transactions have been accounting for using the pooling of interest method and the assets and liabilities transferred were recognised based on the book value (nil) at the date of transfer. No goodwill or fair value adjustments were recognised.

**Note 9. Nyrada Inc and Cardio Therapeutics Pty Ltd (continued)**

*Cardio Therapeutics Pty Ltd (Cardio)*

Nyrada also entered into a share sale and subscription agreement with Altnia Holdings Pty Ltd ('Altnia'), a company related to Dr Ian Dixon (director of Noxopharm Limited), in which Altnia agreed to transfer the total issued share capital of Cardio in consideration for 3,329 shares in Nyrada, representing 33.3% of Nyrada's share capital.

As the above transaction was deemed to be under common control, the transaction has been accounting for using the pooling of interest method and the assets and liabilities transferred were recognised based on the book value at the date of transfer. A total asset of \$37,000 relating to the costs incurred for the IP on PCSK9 has been recognised in the consolidated financial statements. No goodwill or other fair value adjustments were recognised.

The transfer of shares to Nyrada Inc were completed on 20 November 2017.

**Note 10. Events after the reporting period**

In January 2018, the Company received \$855,518 under the Federal Government's Research and Development (R&D) Tax Incentive Scheme.

On 18 January 2018, the Company issued the securities and made payment to Kazia Therapeutics Limited ("Kazia") as outlined in Note 8 in the financial statements. These transactions have been recognised in the 31 December 2017 statement of financial position.

On 16 February 2018, Nyrada Inc closed its convertible note raising, having raised \$4.0 million via the issue of notes of \$1.00 each. Each note can be converted or redeemed as follows:

- If Nyrada Inc lists on a stock exchange in Australia or USA within 18 months of the issue of note, each 12 notes will convert to 3 New Shares and 2 New Options, where each New Option has an exercise price of \$6.00 and expiry of 30 November 2020;
- If Nyrada Inc does not list on a stock exchange in Australia or USA within 18 months of the issue of note, then the notes will be redeemed 1) to the extent possible, by the issue of shares in the Company at a 25% discount to the 10-day VWAP immediately prior to the conversion notice or 2) payment of the face value of the notes.

No other matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Note 11. Earnings per share**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax attributable to the owners of Noxopharm Limited	<u>(11,990,547)</u>	<u>(1,139,068)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>96,187,032</u>	<u>69,627,951</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>96,187,032</u>	<u>69,627,951</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(12.47)	(1.64)
Diluted earnings per share	(12.47)	(1.64)



**Note 11. Earnings per share (continued)**

There are 22,517,686 options (2016: 22,585,716) issued and currently in the money that could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share because they are anti-dilutive for the periods presented.

On 22 January 2018, the Company issued 5,317,123 ordinary shares and 3,000,000 unlisted options in Noxopharm Limited, with an exercise price of \$0.80, expiring 18 January 2020. If shares and options were allocated prior to the reporting date, the additional shares would not have any dilutive effect to the above basic and diluted earnings per share.

**Note 12. Contingent liability**

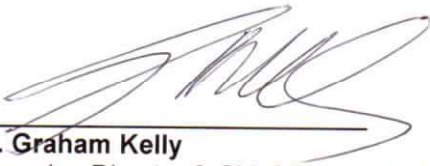
Further to Note 8, for a period of 2 years from the 18 January 2018, Kazia's shareholding in the Company will not be diluted below 4.9% of the issued share capital in the Company, or if Kazia sells any of the Company shares originally allotted, then a pro-rata percentage. Therefore, if further shares are required to be allotted under this arrangement, the Company would recognise at that time an additional "Settlement Agreement relating to Dispute" expense for the value of the shares issued.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read "G. Kelly", written over a horizontal line.

**Dr. Graham Kelly**  
Managing Director & Chief Executive Officer

22 February 2018

## Noxopharm Limited

### Independent auditor's review report to members

## Report on the Review of the Half-Year Financial Report

#### Conclusion

We have reviewed the accompanying half-year financial report of Noxopharm Limited (the company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 Noxopharm 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 Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Regulations 2001.

#### Responsibilities of the Directors' for the Half-Year Financial Report

The directors of the company 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibilities for the Review of the Half-Year Financial Report

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 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.

#### CHARTERED ACCOUNTANTS & ADVISORS

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## Noxopharm Limited

### Independent auditor's review report to members

## Report on the Review of the Half-Year Financial Report

As the auditor of Noxopharm 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.



### William Buck Audit (Vic) Pty Ltd

ABN: 59 116 151 136



### J.C. Luckins

Director

Melbourne, 22<sup>nd</sup> of February 2018