

# CathRx Ltd

ABN 23 089 310 421

## ASX Preliminary Final Report – 30 June 2012

Lodged with the ASX under Listing Rule 4.3A

This report is to be read in conjunction with the Statutory Annual Report dated 23rd September 2011 and any public announcements made during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

### Contents

Results for announcement to the market (Appendix 4E items 2)	2
Other Appendix 4E information (Appendix 4E item 9)	2
Commentary on results for the period (Appendix 4E Item 14)	3
Financial Report (Appendix 4E items 3 to 8, 10 to 12)	4 to 8
Status of audit (Appendix 4E items 15 to 17)	9

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## Results for announcement to the market

Reporting period: year ended 30 June 2012 (comparative period: year to 30 June 2011)

### Key Financial Data

	Current Period	Previous Corresponding Period	% Change Increase/ (Decrease)	Amount Increase/ (Decrease)
Revenue and other income from ordinary activities	\$265,513	\$777,728	(65.9%)	(\$512,215)
Profit (loss) from ordinary activities after tax attributable to members	(\$10,924,517)	(\$8,947,978)	22.1%	1,976,539
Net profit (loss) attributable to members	(\$8,688,192)	(\$8,947,978)	(2.9%)	(\$259,786)

### Dividends

It is not proposed to pay a dividend

### Other Appendix 4E Information

	Current Period	Previous Corresponding Period
Net Tangible Assets per Share	0.9 cents	5.3 cents

# CathRx Ltd

## Commentary on results for the year ended 30 June 2012

### Operations

During the first half of the year, Cathrx continued to develop and produce its range of innovative catheter devices for the reprocessable devices market with a view to funding further development via the receipt of milestone payments from licensees. Despite extensive time and effort devoted to discussions and subsequent negotiations with potential licensees, the company was unable to secure a licence of its technology. In the second half, the company revised its strategy to focus on its strengths in product design and innovation. Production has been outsourced and headcount has been significantly reduced. Trials of the company's product continued with six doctor trials of the loop diagnostic device completing successfully in the UK. The company is planning to raise funds to enable it to complete the development of its range of devices without the need for receiving milestone payments. The company's products will be sold through regional partners who have current market positions in the market segment.

### Financial

#### *Operations*

The company's loss for the year before income tax credit is \$10,924,517 compared to the prior year's \$8,947,978. The change in strategy and subsequent staff reductions and production outsourcing resulted in asset impairment charges of \$1,826,195, an inventory write-off of \$752,192, and redundancy costs of \$361,575 and contributed to the additional onerous lease charge of \$1,294,775. These once –off costs total \$4,234,737. (There were no similar costs last year). The actions taken significantly reduced the company's cost structure. Compared to the prior period, excluding the once-off costs above headcount costs fell by \$1,551,075 and other costs fell by \$1,220,864.

The company did not qualify for an EMDG this year. That, and the impact of the reduced cash holdings on interest income, led to lower amounts of other revenue and income.

Changes to the government's R&D tax incentives this year have given rise to a refundable tax rebate of \$2,236,235 which has been included as a current receivable and a credit to this period's income tax expense.

#### *Cash Flows and Funding*

Operating cash outflows of \$6,201,791 largely exhausted the company's cash resources which had been boosted in November 2011 by an entitlement issue that raised \$1,932,223 (net). Closing cash is \$471,312, down from last year's \$4,758,761

Subsequent to the end of the period the company has entered into new loan funding. This is outlined on page 8 of this preliminary final report. The raising of further funds by way of an entitlement offer to existing shareholders is being considered by the directors.

#### *Dividends and distributions to Shareholders*

There were no dividends paid, or other distributions made, to shareholders during the period.

# CathRx Ltd

## Financial Report - Statement of Comprehensive Income or Loss

FOR THE YEAR ENDED 30 JUNE 2012

	<i>Year ended 30 June 2012</i>	<i>Year ended 30 June 2011</i>
	\$	\$
<b>Continuing Operations</b>		
<b>Revenue</b>		
Sale of goods	20,616	24,622
Other revenue	244,897	466,888
	<u>265,513</u>	<u>491,510</u>
<b>Other income</b>	<u>-</u>	<u>286,218</u>
<b>Expenses</b>		
Cost of sales	(23,482)	(19,569)
Research and development	(7,094,067)	(6,516,001)
Sales and marketing	(521,679)	(710,424)
Administration costs	(3,550,802)	(2,479,712)
	<u>(11,190,030)</u>	<u>(9,706,137)</u>
<b>Loss before income tax expense</b>	(10,924,517)	(8,947,978)
Income tax credit/(expense)	2,236,325	-
	<u>(8,688,192)</u>	<u>(8,947,978)</u>
Other comprehensive income, net of tax	-	-
<b>Total comprehensive loss</b>	<u>(8,688,192)</u>	<u>(8,947,978)</u>
<b>Loss per share (cents per share)</b>		
-Basic	(5.6) cents	(6.2) cents
-Diluted	<u>(5.6) cents</u>	<u>(6.2) cents</u>

# CathRx Ltd

## Financial Report - Statement of Financial Position

AS AT 30 JUNE 2012

	As at 30 June 2012 \$	As at 30 June 2011 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	471,312	4,758,761
Trade and other receivables	2,280,348	180,484
Inventories	-	982,235
Other current assets	9,852	110,388
<b>Total current assets</b>	<b>2,761,512</b>	<b>6,031,868</b>
<b>Non-current assets</b>		
Property, plant and equipment	716,680	2,778,243
Intangible assets	21,578	618,739
Other non-current assets	412,087	412,077
<b>Total non-current assets</b>	<b>1,150,345</b>	<b>3,809,059</b>
<b>Total assets</b>	<b>3,911,857</b>	<b>9,840,927</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	362,285	724,200
Provisions	272,635	149,000
Interest bearing liabilities	7,742	6,805
Other liabilities	44,604	47,382
<b>Total current liabilities</b>	<b>687,266</b>	<b>927,387</b>
<b>Non-current liabilities</b>		
Provisions	1,371,140	253,519
Interest bearing liabilities	2,699	10,441
Other liabilities	403,626	448,229
<b>Total current liabilities</b>	<b>1,777,465</b>	<b>712,189</b>
<b>Total liabilities</b>	<b>2,464,731</b>	<b>1,639,576</b>
<b>Net assets</b>	<b>1,447,126</b>	<b>8,201,351</b>
<b>Equity</b>		
Contributed equity	61,361,456	59,429,233
Other reserves	2,370,734	2,368,990
Accumulated losses	(62,285,064)	(53,596,872)
<b>Total equity</b>	<b>1,447,126</b>	<b>8,201,351</b>

# CathRx Ltd

## Financial Report - Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2012

	<i>Year ended 30 June 2012</i>	<i>Year ended 30 June 2011</i>
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers	29,775	177,819
Payments to suppliers and employees (inclusive of GST)	(6,502,480)	(7,649,665)
Receipt of government grants	-	286,218
Receipt of other income (inclusive of GST)	124,755	32,139
Interest received	146,159	441,359
<b>Net cash flows used in operating activities</b>	<b>(6,201,791)</b>	<b>(6,712,130)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(65,143)	(164,561)
Addition to security deposit	(10)	-
Proceeds from the sale of property, plant and equipment	54,077	
Purchase of intangibles		(8,850)
<b>Net cash flows used in investing activities</b>	<b>(11,076)</b>	<b>(173,411)</b>
<b>Cash flows from financing activities</b>		
Payment of finance lease liabilities	(6,805)	(19,954)
Proceeds from issue of shares	2,046,883	169,840
Share issue costs	(114,660)	-
Proceeds from exercise of options	-	48,271
<b>Net cash flows from financing activities</b>	<b>1,925,418</b>	<b>198,157</b>
 Net increase/(decrease) in cash and cash equivalents	 (4,287,449)	 (6,687,384)
Cash and cash equivalents at beginning of year	4,758,761	11,446,145
<b>Cash and cash equivalents at end of year</b>	<b>471,312</b>	<b>4,758,761</b>

# CathRx Ltd

## Financial Report - Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2012

	<i>Contributed Equity</i>	<i>Accumulated Losses</i>	<i>Other Reserves</i>	<i>Total</i>
	\$	\$	\$	\$
<b>At 1 July 2010</b>	59,211,122	(44,648,894)	2,092,590	16,654,818
Loss for the year/ Total comprehensive loss for the year	-	(8,947,978)	-	(8,947,978)
Transactions with owners in their capacity as owners:				
Employee share options	-	-	276,400	276,400
Proceeds from issue of shares	169,840	-	-	169,840
Costs of share issue	-	-	-	-
Proceeds from exercise of options	48,271	-	-	48,271
<b>At 30 June 2011</b>	<b>59,429,233</b>	<b>(53,596,872)</b>	<b>2,368,990</b>	<b>8,201,351</b>
<b>At 1 July 2011</b>	59,429,233	(53,596,872)	2,368,990	8,201,351
Loss for the year/ Total comprehensive loss for the year	-	(8,688,192))	-	(8,688,192)
Transactions with owners in their capacity as owners:				
Employee share options	-	-	1,744	1,744
Proceeds from issue of shares	2,046,883	-	-	2,046,883
Costs of share issue	(114,660)	-	-	(114,660)
Proceeds from exercise of options	-	-	-	-
<b>At 30 June 2012</b>	<b>61,361,456</b>	<b>(62,285,064)</b>	<b>2,370,734</b>	<b>1,447,126</b>

# CathRx Ltd

## Financial Report - Events occurring after the reporting period

On 1 August 2012 the company received loan funding of \$1,000,000. This loan is secured over all of the company's assets by virtue of a Security Deed entered into between the parties to the loan. The loan has been advanced to the company for a term of three years, but may earlier be applied by the lender to subscribe for shares in a capital raising by the company (other than the raising discussed below) . Interest of 10% per annum accrues on the loan and is payable three years after the advance of the loan.

The company is in late stages of negotiations for an underwritten capital raising. The proceeds from this transaction will be used to supplement the company's working capital to enable it to continue to develop its products.



# **CathRx Ltd**

## **Status of audit**

This preliminary final report is based on accounts which are unaudited. The Company considers that the unaudited accounts are unlikely to change materially or be subject to any material qualification in the auditor's report.

Final audited accounts will be made available when the Company lodges its complete Directors' and Financial Reports.