

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2015

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 000-54478

DanDrit Biotech USA, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

45-2259340

(I.R.S. Employer
Identification Number)

DanDrit Biotech A/S

Fruebjergvej 3 Box 62

2100 Copenhagen, Denmark

(Address of principal executive offices)

+45 39179840

(Registrant's telephone number, including area code)

DanDrit Biotech USA, Inc.

c/o Lone Degn

Fruebjergvej 3

2100 Copenhagen, Denmark

+45 30127206

(Name, address, including zip code, and telephone number, including area code, of agent for service)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No .

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No .

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated
filer

Accelerated filer

Non-accelerated
filer

Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No .

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING
THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No .

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 9,533,290 shares of common stock, par value \$0.0001 per share (including 185,053 shares of common stock reserved for issuance to the Non-Consenting Shareholders (as defined below) and deemed issued and outstanding for accounting purposes), outstanding as of February 12, 2016.

DANDRIT BIOTECH USA, INC. AND SUBSIDIARY

- INDEX -

	<u>Page</u>
PART I – FINANCIAL INFORMATION:	
Item 1. Financial Statements (Unaudited):	1
Consolidated Balance Sheets as of December 31, 2015 (Unaudited) and June 30, 2015	2
Consolidated Statements of Operations (Unaudited) for the Three and Six Months Ended December 31, 2015 and 2014	3
Consolidated Statements of Comprehensive Loss (Unaudited) for the Three and Six Months Ended December 31, 2015 and 2014	4
Consolidated Statements of Cash Flows (Unaudited) for the Three and Six Months Ended December 31, 2015 and 2014	5
Notes to the Financial Statements	6
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	16
Item 3. Quantitative and Qualitative Disclosures About Market Risk	21
Item 4. Controls and Procedures	21
PART II – OTHER INFORMATION:	
Item 1. Legal Proceedings	22
Item 1A. Risk Factors	22
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	22
Item 3. Defaults Upon Senior Securities	22
Item 4. Mine Safety Disclosures	22
Item 5. Other Information	22
Item 6. Exhibits	23
Signatures	24

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and in accordance with the instructions for Form 10-Q. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

In the opinion of management, the financial statements contain all material adjustments, consisting only of normal recurring adjustments necessary to present fairly the financial condition, results of operations, and cash flows of the Company for the interim periods presented.

The results for the period ended December 31, 2015 are not necessarily indicative of the results of operations for the full year. These financial statements and related footnotes should be read in conjunction with the financial statements and footnotes thereto included in the Company's Form 10-KT for the fiscal year ended June 30, 2015 filed with the Securities and Exchange Commission on September 28, 2015.

DANDRIT BIOTECH USA, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

	(Unaudited)	
	Dec 31,	June 30,
	2015	2015
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 531,260	\$ 421,145
Cash held in escrow	-	1,052,989
Other Receivables	581,717	432,125
Prepaid Expenses	79,783	-
Total Current Assets	<u>1,192,760</u>	<u>1,906,259</u>
PROPERTY AND EQUIPMENT, Net accumulated Depreciation	<u>-</u>	<u>-</u>
OTHER ASSETS		
Definite Life Intangible Assets	140,415	164,046
Deposits	2,511	2,572
Total Other Assets	<u>142,926</u>	<u>166,618</u>
TOTAL ASSETS	<u>\$ 1,335,686</u>	<u>\$ 2,072,877</u>
<u>LIABILITIES AND STOCKHOLDER'S EQUITY</u>		
CURRENT LIABILITIES:		
Notes Payable - Related Party	\$ 101,382	\$ 100,614
Accounts Payable	526,346	512,783
Accounts Payable - Related Party	96,897	366,035
Accrued Expenses	169,289	16,305
Total Current Liabilities	<u>893,914</u>	<u>995,737</u>
Total Liabilities	<u>893,914</u>	<u>995,737</u>
STOCKHOLDER'S EQUITY:		
Preferred stock, \$0.0001 par value; 10,000,000 shares authorized; none issued and outstanding	-	-
Common stock, par value \$0.0001, 100,000,000 shares authorized, 9,533,290, and 9,533,290 issued and outstanding at December 31, 2015 and June 30, 2015, respectively	953	953
Additional paid-in capital	25,098,050	25,098,050
Accumulated Deficit	(25,337,533)	(24,565,455)
Other Comprehensive Income, net	680,302	543,592
Total Stockholder's Equity	<u>441,772</u>	<u>1,077,140</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u>\$ 1,335,686</u>	<u>2,072,877</u>

See accompanying notes to the unaudited financial statements.

DANDRIT BIOTECH USA, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF OPERATIONS

	For the Three Months Ended December 31,		For the Six Months Ended December 31,	
	2015	2014	2015	2014
Revenues	\$ 42,525	\$ -	\$ 42,525	\$ -
Cost of Goods Sold	5,244	70,161	5,244	213,656
Gross profit (Loss)	37,281	(70,161)	37,281	(213,656)
Operating Expenses				
General and Administrative Expenses	321,629	656,976	526,480	897,413
Research and Development Expenses	277,648	-	379,407	-
Depreciation and Amortization	15,991	4,499	19,928	9,225
Consulting Expenses	16,953	203,642	47,801	328,724
Total Operating Expense	<u>632,221</u>	<u>865,117</u>	<u>973,616</u>	<u>1,235,362</u>
(LOSS) FROM OPERATIONS	(594,940)	(935,278)	(936,335)	(1,449,018)
Other Income (Expense)				
Interest (expense)	1	(28,482)	1	(47,622)
Interest (expense) – Related Party	(592)	(572)	(1,184)	(1,164)
(Loss) on Currency Transactions	(166,348)	(40,927)	(198,576)	(40,801)
Interest and Other Income	-	5,478	-	5,689
Total Other Income (Expense)	<u>(166,939)</u>	<u>(64,503)</u>	<u>(199,759)</u>	<u>(83,898)</u>
(Loss) Before Income Taxes	(761,879)	(999,781)	(1,136,094)	(1,532,916)
Income Tax Expense (Benefit)	(340,103)	(46,650)	(364,016)	(44,542)
NET (LOSS)	\$ (421,776)	\$ (953,131)	\$ (772,078)	\$ (1,488,374)
BASIC AND DILUTED LOSS PER SHARE	\$ (0.04)	\$ (0.11)	\$ (0.08)	\$ (0.175)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED				
	<u>9,533,290</u>	<u>8,925,309</u>	<u>9,533,290</u>	<u>8,503,147</u>

See accompanying notes to the unaudited financial statements.

DANDRIT BIOTECH USA, INC. AND SUBSIDIARY
STATEMENTS OF OTHER COMPREHENSIVE LOSS

	(Unaudited)		(Unaudited)	
	For the Three Months		For the Six Months	
	Ended December 31,		Ended December 31,	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Net Loss	\$ (421,776)	\$ (953,131)	\$ (772,078)	\$(1,488,374)
Currency Translation, Net of Taxes	<u>146,232</u>	<u>75,738</u>	<u>136,416</u>	<u>291,358</u>
Other Comprehensive Loss	<u>\$ (275,544)</u>	<u>\$ (877,393)</u>	<u>\$ (635,662)</u>	<u>\$(1,197,016)</u>

See accompanying notes to the unaudited financial statements.

DANDRIT BIOTECH USA, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)
For the Six Months
Ended December 31,

2015 2014

NET (LOSS)	\$ (772,078)	\$(1,488,374)
ADJUSTMENT TO RECONCILE NET LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Depreciation and Amortization	19,928	34,084
Accrued Interest on Notes Payable - Related Party	1,184	-
CHANGES IN ASSETS AND LIABILITIES:		
(Increase) Decrease in Other Receivables	(149,592)	77,310
(Increase) Decrease in Prepaid Expenses/Deposits	(79,722)	10,181
Increase (Decrease) in Accounts Payable	13,563	42,585
Increase (Decrease) in Accounts Payable – Related Party	(269,138)	212,438
Increase (Decrease) in Accrued Expenses	152,984	(280,423)
Total Adjustments	<u>(310,793)</u>	<u>96,175</u>
NET CASH USED IN OPERATING ACTIVITIES	(1,082,871)	(1,392,199)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net (Increase) Decrease in Cash Held in Escrow	1,052,989	(1,882,394)
NET CASH USED BY INVESTING ACTIVITIES	<u>1,052,989</u>	<u>(1,882,394)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on Notes Payable – Related Party	-	(1,476,686)
Payment of Stock Offering Costs	-	(89,360)
Proceeds from Stock Offering	-	7,377,089
NET CASH PROVIDED BY (USED BY) FINANCING ACTIVITIES	<u>-</u>	<u>5,811,043</u>
Gain (Loss) on Currency Translation	139,997	291,357
NET INCREASE (DECREASE) IN CASH	<u>110,115</u>	<u>2,827,807</u>
CASH, BEGINNING OF PERIOD	<u>421,145</u>	<u>181,024</u>
CASH, END OF PERIOD	<u>\$ 531,260</u>	<u>\$ 3,008,831</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the periods for:		
Interest	\$ -	\$ 82,816
Income Taxes	\$ -	\$ -
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Cash received from offering held in escrow	\$ -	\$ -
Previously paid stock offering cost offset against stock offering	\$ -	\$ 67,000

See accompanying notes to the unaudited financial statements.

DANDRIT BIOTECH USA, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements are unaudited. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows at December 31, 2015 and 2014 and for the periods then ended have been made. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. It is suggested that these condensed financial statements be read in conjunction with the financial statements and notes thereto included in the Company's June 30, 2015 audited financial statements. The results of operations for the periods ended December 31, 2015 and 2014 are not necessarily indicative of the operating results for the full year.

Business and Basis of Presentation — DanDrit Biotech USA, Inc. ("DanDrit USA", the "Company", "we", "us", "our") was originally incorporated in the state of Delaware on January 18, 2011 as a vehicle to pursue a business combination through the acquisition of, or merger with, an operating business.

DanDrit BioTech A/S, a Danish Corporation was incorporated on April 1, 2001 ("DanDrit Denmark") and is treated as a wholly owned subsidiary of the Company. On February 12, 2014, pursuant to the terms and conditions of a Share Exchange Agreement (the "Share Exchange Agreement"), DanDrit USA acquired approximately 100% of the issued and outstanding capital stock of DanDrit BioTech A/S, a Danish corporation ("DanDrit Denmark") and as a result became the parent of DanDrit Denmark (the "Share Exchange"). Prior to the Share Exchange there were 5,000,000 shares of the common stock, par value \$0.0001 per share (the "Common Stock") of DanDrit Denmark's parent company (the "Parent") outstanding. The Parent and a shareholder agreed to cancel 4,400,000 shares of its common stock and issued 1,440,000 shares of common stock for legal and consulting services related to the Share Exchange and a future financing. At the time of the Share Exchange, the outstanding shares of the common stock of DanDrit Denmark were exchanged for 1.498842 shares of Parent's common stock, for a total of 6,000,000 shares of common stock (including 185,053 shares of common stock reserved for issuance in accordance with Section 70 of the Danish Companies Act and the Articles of Association of DanDrit Denmark to the Non-Consenting Shareholders, deemed issued and outstanding for accounting purposes). Following the closing of the Share Exchange, DanDrit Biotech USA, Inc., the wholly owned subsidiary of the Company, merged with and into the Company, thereby changing the Company's name to "DanDrit Biotech USA, Inc." DanDrit Denmark engages in the research and development, manufacturing and clinical trials of pharmaceutical and biological products for the human treatment of cancer using the dendritic cell technology.

Fiscal Year End - In June 2015, DanDrit's board of directors approved a change to DanDrit's fiscal year end from December 31 to June 30.

Reverse Acquisition — On February 12, 2014, pursuant to the Share Exchange Agreement (the "Share Exchange Agreement"), DanDrit USA completed the acquisition of 100% of the issued and outstanding capital stock of DanDrit Denmark (the "Share Exchange") and as a result became DanDrit Denmark's parent company (the "Parent"). Prior to the Share Exchange there were 5,000,000 shares of the common stock, par value \$.0001 per share (the "Common Stock") of Parent outstanding. Parent and an existing shareholder agreed to cancel 4,400,000 shares of its Common Stock and issued 1,440,000 shares of Common Stock for legal and consulting services related to the Share Exchange and a future public offering. At the time of the Share Exchange each outstanding share of common stock of DanDrit Denmark was exchanged for 1.498842 shares of Parent's Common Stock, for a total of 6,000,000 shares, resulting in 8,040,000 shares of the Parent's Common Stock outstanding immediately following the Share Exchange, including 185,053 shares of Common Stock reserved for issuance in accordance with Section 70 of the Danish Companies Act and the Articles of Association of DanDrit Denmark to the DanDrit Denmark shareholders who have not consented to the Share Exchange (the "Non-Consenting Shareholders"), and deemed issued and outstanding for accounting purposes.

Consolidation — For the three and six months ended December 31, 2015 and 2014, the consolidated financial statements include the accounts and operations of DanDrit Denmark, and the accounts and operations of DanDrit USA. All material inter-company transactions and accounts have been eliminated in the consolidation.

Functional Currency / Foreign currency translation — The functional currency of DanDrit USA is the U.S. Dollar. The functional currency of DanDrit Denmark is the Danish Kroner (“DKK”). The Company’s reporting currency is the U.S. Dollar for the purpose of these financial statements. The Company’s balance sheet accounts are translated into U.S. dollars at the period-end exchange rates and all revenue and expenses are translated into U.S. dollars at the average exchange rates prevailing during the periods ending December 31, 2015 and 2014. Translation gains and losses are deferred and accumulated as a component of other comprehensive income in stockholders’ equity. Transaction gains and losses that arise from exchange rate fluctuations from transactions denominated in a currency other than the functional currency are included in the statement of operations as incurred.

Cash and Cash Equivalents — The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Company had balances held in financial institutions in Denmark of \$531,260 at December 31, 2015, and had \$1,474,134 held in cash and cash held in escrow at June 30, 2015.

Property and Equipment — Property and equipment are stated at cost. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized, upon being placed in service. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is computed for financial statement purposes on a straight-line basis over the estimated useful lives of the assets which range from four to six years (See Note 3).

DANDRIT BIOTECH USA, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible Assets — Definite life intangible assets include patents. The Company accounts for definite life intangible assets in accordance with Financial Accounting Standards Board, (“FASB”) Accounting Standards Codification, (“ASC”) Topic 350, “Goodwill and Other Intangible Assets” and amortized the patents on a straight line basis over the estimated useful life of twenty years. Costs incurred in relation to patent applications are capitalized cost and amortized over the estimated useful life of the patent. If it is determined that a patent will not be issued, the related remaining patent application costs are charged to expense.

Impairment of Long-Lived Assets — Long-lived assets, such as property, plant, and equipment and patents are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Circumstances which could trigger a review include, but are not limited to: significant decreases in the market price of the asset; significant adverse changes in the business climate or legal factors; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the asset; and current expectation that the asset will more likely than not be sold or disposed of significantly before the end of its estimated useful life.

Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated undiscounted future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and would no longer be depreciated. The depreciable basis of assets that are impaired and continue in use is their respective fair values.

Revenue Recognition and Sales — The Company’s sales of its MCV colorectal cancer vaccine have been limited to a compassionate use basis in Singapore after stage IIA trials and is not approved for current sale for any other use or location. The Company's accounts for revenue recognition in accordance with the Securities and Exchange Commission Staff Accounting Bulletin No. 101, “Revenue Recognition in Financial Statements” (SAB 101), and FASB ASC 605 Revenue Recognition. The Company recognizes revenue when rights and risk of ownership have passed to the customer, when there is persuasive evidence of an arrangement, product has been shipped or delivered to the customer, the price and terms are finalized, and collections of resulting receivable is reasonably assured. Products are primarily shipped FOB shipping point at which time title passes to the customer.

Value Added Tax — In Denmark, Value Added Tax (“VAT”) of 25% of the invoice amount is collected in respect of the sales of goods on behalf of tax authorities. The VAT collected is not revenue of the Company; instead, the amount is recorded as a liability on the balance sheet until such VAT is paid to the authorities. VAT of 25% is also paid to Danish and EU vendors on invoices these amounts are refundable from the respective governmental authority and recorded as other receivables in the accompanying financial statements.

Research and Development Cost — The Company expenses research and development costs incurred in formulating, improving, validating and creating alternative or modified processes related to and expanding the use of our MAGE –A dendrite cell cancer therapy. Research and development costs were included in operating expenses for the three and six months ended December 31, 2015, totaled \$277,648 and \$379,407, and for the three and six months ended December 2014 \$0 and \$0, respectively. Our research and development expenses may fluctuate substantially from quarter to quarter depending on the clinical studies and the timing of samples supporting the clinical studies.

Income Taxes — The Company accounts for income taxes in accordance with FASB ASC Topic 740 Accounting for Income Taxes. This statement requires an asset and liability approach for accounting for income taxes.

Loss Per Share — The Company calculates earnings /(loss) per share in accordance with FASB ASC 260 Earnings Per Share. Basic earnings per common share (EPS) are based on the weighted average number of common

shares outstanding during each period. Diluted earnings per common share are based on shares outstanding (computed as under basic EPS) and potentially dilutive common shares. Potential common shares included in the diluted earnings per share calculation include in-the-money stock options that have been granted but have not been exercised.

DANDRIT BIOTECH USA, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments — The Company accounts for fair value measurements for financial assets and financial liabilities in accordance with FASB ASC Topic 820, “Fair Value Measurements”. The authoritative guidance, which, among other things, defines fair value, establishes a consistent framework for measuring fair value and expands disclosure for each major asset and liability category measured at fair value on either a recurring or nonrecurring basis. Fair value is defined as the exit price, representing the amount that would either be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1. Observable inputs such as quoted prices in active markets for identical assets or liabilities;
- Level 2. Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3. Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Unless otherwise disclosed, the fair value of the Company’s financial instruments including cash, accounts receivable, prepaid expenses, investments, accounts payable, accrued expenses, capital lease obligations and notes payable approximates their recorded values due to their short-term maturities.

Accounting Estimates — The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimated.

Recent Accounting Pronouncements — In February 2015, the FASB issued Accounting Standards Update No. 2015-02 (ASU 2015-02) "Consolidation (Topic 810): Amendments to the Consolidation Analysis." ASU 2015-02 changes the analysis that a reporting entity must perform to determine whether it should consolidate certain types of legal entities. It is effective for annual reporting periods, and interim periods within those years, beginning after December 15, 2015. Early adoption is permitted, including adoption in an interim period. We do not anticipate that the adoption of ASU 2015-02 will have any impact on our consolidated financial statements.

In May 2014, the Financial Accounting Standards Board (FASB) issued a new standard to achieve a consistent application of revenue recognition within the U.S., resulting in a single revenue model to be applied by reporting companies under U.S. generally accepted accounting principles. Under the new model, recognition of revenue occurs when a customer obtains control of promised goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, the new standard requires that reporting companies disclose the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. On July 9, 2015, the FASB agreed to delay the effective date by one year. In accordance with the agreed upon delay, the new standard is effective for us beginning in the first quarter of 2018 and we expect to adopt it at that time. The new standard is required to be applied retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying it recognized at the date of initial application. We have not yet selected a transition method nor have we determined the impact of the new standard on our consolidated condensed financial statements.

Other recent accounting pronouncements issued by the FASB did not or are not believed by management to have a material impact on the Company's present or future financial statements.

Reclassification — The financial statements for the period ended December 31, 2014 and June 30, 2015 have been reclassified to conform to the headings and classifications used in the December 31, 2015 financial statements.

Alleviated going concern — While the Company has incurred significant losses from inception and has insufficient working capital given its projected losses and planned Phase III testing of its product, we have additional committed sources of capital. On July 10, 2015 the Company received a capital increase commitment of \$1,000,000 from a shareholder of the Company. The commitment expires on July 10, 2016. Also on July 10, 2015 the Company received a capital increase commitment of \$1,000,000 from an individual. The commitment expires on July 10, 2016. We believe that our cash together with available funds from other potential sources of funds, such as loans and commitments from shareholders, will be sufficient to fund our anticipated working capital needs and capital spending requirements for the next twelve months alleviating the going concern. However, if we were to incur any unanticipated expenditures, such circumstances could put a substantial burden on our cash resources. The Company plans to raise additional capital as needed through the sale of additional common shares and the future compassionate use sales of our product.

DANDRIT BIOTECH USA, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 — PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2015 and June 30, 2015:

	Useful Life	December 31, 2015	June 30, 2015
Lab equipment and instruments	4-6	\$ 160,860	\$ 164,778
Computer equipment	4-6	55,094	56,436
		<u>215,954</u>	<u>221,214</u>
Less Accumulated Depreciation		(215,954)	(221,214)
Net Property and Equipment		<u>\$ -</u>	<u>\$ -</u>

Depreciation expense amounted to \$0 and \$0 for the three and six month periods, respectively, ended December 31, 2015, and \$0 and \$0 for the three and six month periods ended December 31, 2014, respectively.

NOTE 3 — DEFINITE-LIFE INTANGIBLE ASSETS

At December 31, 2015 and June 30, 2015, definite-life intangible assets, net of accumulated amortization, consist of patents on the Company's products and processes of \$140,415 and \$164,046, respectively. The patents are recorded at cost and amortized over twenty years from the date of application. Amortization expense for the three and six months ended December 31, 2015 amounted \$15,991 and \$19,928, respectively, including \$12,048 in losses on abandoned assets. For the three and six months ended December 31, 2014 amortization expense amounted to \$4,499 and \$9,225, respectively. Expected future amortization expense for the years ended are as follows:

Year ending June 30,

2016	\$ 7,237
2017	14,515
2018	14,515
2019	14,515
2020	14,554
Thereafter	75,079
	<u>\$ 140,415</u>

DANDRIT BIOTECH USA, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 — NOTES PAYABLE – RELATED PARTY

Notes payable to related parties consists of the following as of December 31, 2015 and June 30, 2015:

	Dec. 31, 2015	June 30, 2015
Non-Interest Bearing Loan Payable Sunrise Financial Group Inc.	\$ 38,235	\$ 38,235
Note Payable ML Group	17,084	17,500
6% Promissory Note payable to NLBDIT 2010 Enterprises, LLC	46,063	44,879
Total Notes Payable – Related Party	101,382	100,614
Less Current Maturities	(101,382)	(100,614)
Note Payables – Related Party Long Term	<u>\$ -</u>	<u>\$ -</u>

The following represents the future maturities of long-term debt as of December 31, 2015:

Year ending June 30,	
2016	101,382
2017	-
2018	-
2019	-
2020	-
Thereafter	-
	<u>101,382</u>

As of December 31, 2015, the outstanding balance of \$38,235 for professional fees paid by a related party and amounts advanced to the Parent are reported as loan payable - related party. The \$38,235 loan payable was acquired in the reverse acquisition. The amount is unsecured, non-interest bearing and has no stipulated repayment terms.

A 6% Promissory Note payable (the “Note”) to NLBDIT 2010 Enterprises, LLC, an entity controlled by a shareholder of the Company, was acquired by the Company in the reverse acquisition, payable on February 12, 2014 upon the completion date of the Share Exchange. As of December 31, 2015 the outstanding balance on the Note, including accrued interest, was \$46,063. During the three and six months ended December 31, 2015, the Company recorded related party interest on the Note of \$592, and \$1,184, respectively and during the three and six months ended December 31, 2014, \$572, and \$1,164, respectively.

NOTE 5 — LEASES

Operating Leases — The Company leases laboratory and production space under operating lease agreements which can be cancelled with 3-months notice. The lease calls for monthly payments of DKK 6,300 (approximately \$932 at December 31, 2015).

On March 27, 2014, the Company entered into an operating lease agreement for office space from a related party. The Lease calls for monthly payments of DKK 20,000 (approximately \$2,958). The lease was terminated on May 31, 2015.

On March 25, 2015, the Company entered into an agreement for use of virtual office space at a rate of \$375/month on a month-to-month basis, which can be terminated by either party on one month’s notice.

Lease expense charged to operations was \$3,900 and \$7,840 for the three and six months ended December 31, 2015, respectively and \$11,603 and \$23,336 for the three and six months ended December 31, 2014, respectively.

DANDRIT BIOTECH USA, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 — INCOME TAXES

The Company accounts for income taxes in accordance with FASB ASC Topic 740, Accounting for Income Taxes; which requires the Company to provide a net deferred tax asset or liability equal to the expected future tax benefit or expense of temporary reporting differences between book and tax accounting and any available operating loss or tax credit carry forwards. The amount of and ultimate realization of the benefits from the deferred tax assets for income tax purposes is dependent, in part, upon the tax laws in effect, the Company's future earnings, and other future events, the effects of which cannot be determined.

As of December 31, 2015, the Company had net operating loss carry-forwards of approximately \$9,717,603 at an estimated effective tax rate of 22% or \$2,137,873 for Danish tax purposes which do not expire and net operating loss carry-forwards of approximately \$808,668 at an estimated effective tax rate of 34% or \$274,947 for U.S. Federal Tax purposes which expire through 2034, a portion of which shall be limited due to the change in control of the Parent.

The Company files U.S. and Danish income tax returns, and they are generally no longer subject to tax examinations for years prior to 2011 and 2009, respectively.

The temporary differences, tax credits and carry forwards gave rise to the following deferred tax asset (liabilities) at December 31, 2015 and June 30, 2015:

	Dec. 31, 2015	June 30, 2015
Excess of Tax over book depreciation Fixed assets	\$ 8,589	\$ 10,240
Excess of Tax over book depreciation Patents	3,569	5,560
Net Operating Loss Carry forward	2,412,820	2,535,177
Valuation Allowance	(2,424,978)	(2,550,977)
Total Deferred Tax Asset (Liabilities)	\$ -	\$ -

In accordance with prevailing accounting guidance, the Company is required to recognize and disclose any income tax uncertainties. The guidance provides a two-step approach to recognize and disclose any income tax uncertainties. The guidance provides a two-step approach to recognizing and measuring tax benefits and liabilities when realization of the tax position is uncertain. The first step is to determine whether the tax position meet the more-likely-than-not condition for recognition and the second step is to determine the amount to be recognized based on the cumulative probability that exceeds 50%. The amount of and ultimate realization of the benefits from the deferred tax assets for income tax purposes is dependent, in part, upon the tax laws in effect, the Company's future earnings, and other future events, the effects of which can be difficult to determine and can only be estimated. Management estimates that it is more likely than not that the Company will not generate adequate net profits to use the deferred tax assets; and consequently, a valuation allowance was recorded for all deferred tax assets.

DANDRIT BIOTECH USA, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 — INCOME TAXES (Continued)

A reconciliation of income tax expense at the federal statutory rate to income tax expense at the Company's effective rate is as follows at December 31, 2015 and 2014:

	December 31, 2015	December 31, 2014
Computed Tax at Expected Statutory Rate	\$ (386,272)	\$ (337,242)
Non-US Income Taxed at Different Rates	133,372	183,063
Non-Deductable expenses	2,460	8,390
Valuation allowance	(113,576)	101,247
Income Tax Expense	\$ (364,016)	\$ (44,542)

The components of income tax expense (benefit) from continuing operations for the three months ended December, 2015 and 2014 consisted of the following:

	2015	2014
Current Tax Expense		
Danish Income Tax	\$ (364,016)	\$ (44,542)
Total Current Tax Expense	<u>(364,016)</u>	<u>(44,542)</u>
Deferred Income Tax Expense (Benefit)		
Excess of Tax over Book Depreciation Fixed Assets	6,369	19,259
Excess of Tax over Book Depreciation Patents	2,863	67,488
Net Operating Loss Carry forwards	(104,344)	(187,994)
Change in the Valuation allowance	(113,576)	101,247
Total Deferred Tax Expense	<u>\$ -</u>	<u>\$ -</u>

Deferred income tax expense / (benefit) results primarily from the reversal of temporary timing differences between tax and financial statement income.

NOTE 7 — LOSS PER SHARE

The following data shows the amounts used in computing loss per share and the effect on income and the weighted average number of shares of potential dilutive common stock for the three and six month periods ended December 31, 2015, and 2014:

	For the 3 Months Ended December 31,		For the 6 Months Ended December 31,	
	2015	2014	2015	2014
Net (Loss)	(421,776)	(953,131)	(772,078)	(1,488,374)
Weighted average number of common shares used in basic earnings per share	9,533,290	8,925,309	9,533,290	8,503,147
Effect of dilutive securities, stock options and warrants	-	-	-	-
Weighted average number of common shares and potential dilutive common shares outstanding used in dilutive earnings per share	<u>9,533,290</u>	<u>8,925,309</u>	<u>9,533,290</u>	<u>8,503,147</u>

For the three and six months ended December 31, 2015 and 2014, the Company had no common stock equivalents.

DANDRIT BIOTECH USA, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 — STOCKHOLDERS' EQUITY

Common Stock — The Company has 100,000,000 authorized shares of Common stock \$0.0001. As of December 31, 2015 and June 30, 2015 there were 9,533,290 shares issued and outstanding.

Common Stock Issuances — On December 31, 2014, the Company received \$2,000,000 in connection with a private offering of 400,000 shares of common stock at an offering price of \$5.00 per share.

During the year ended December 31, 2014, pursuant to the Company's offering up to \$12,000,000 (2,400,000 shares) of common stock at an offering price of \$5.00 per share in an initial public offering pursuant to a registration statement effective on August 12, 2014 (the "Offering"), the Company sold 1,093,290 shares of common stock for gross proceeds of \$5,466,450 less offering costs of \$156,360.

Share Exchange Agreement/Reverse Acquisition - On February 12, 2014, in accordance with the terms and conditions of a Share Exchange Agreement (the "Share Exchange Agreement"), we completed the acquisition of approximately 100% of the issued and outstanding capital stock of DanDrit Denmark (the "Share Exchange") and as a result became DanDrit Denmark's parent company (the "Parent"). In connection with the Share Exchange, each outstanding share of common stock of DanDrit Denmark was exchanged for 1.498842 shares of DanDrit USA's common stock, par value \$0.0001 per share (the "Common Stock") for an aggregate of 6,000,000 shares, including 185,053 shares of Common Stock reserved for issuance, in accordance with Section 70 of the Danish Companies Act and the Articles of Association of DanDrit Denmark, to the DanDrit Denmark shareholders who did not consent to the Share Exchange and deemed issued and outstanding for accounting purposes. In addition, in connection with the Share Exchange (1) the sole shareholder prior to the Share Exchange agreed to cancel 4,400,000 shares of outstanding Common Stock owned by it and (2) the board of directors and executive management of DanDrit Denmark was appointed to serve as the Board of Directors and executive management of DanDrit USA effective upon the resignation of the sole officer and director of DanDrit USA prior to the closing of the Share Exchange.

In connection with the Offering, during the quarter ended September 30, 2014, the Company sold and issued an aggregate of 145,100 shares of common stock for aggregate gross proceeds of \$725,500.

On October 10, 2014, in connection with a closing of the Offering, the Company sold and issued 300,200 shares of common stock for aggregate gross proceeds of \$1,501,000.

In connection with the Offering, on October 23, 2014, the Company sold and issued 589,490 shares of common stock for aggregate gross proceeds of \$2,947,450.

Voting — Holders of the Company's common stock are entitled to one vote for each share held of record on each matter submitted to a vote of stockholders, including the election of directors, and do not have any right to cumulate votes in the election of directors.

Dividends — Holders of the Company's common stock are entitled to receive ratably such dividends as our Board of Directors from time to time may declare out of funds legally available.

Liquidation Rights — In the event of any liquidation, dissolution or winding-up of affairs of the Company, after payment of all of our debts and liabilities, the holders of the Company's common stock will be entitled to share ratably in the distribution of any of our remaining assets.

DANDRIT BIOTECH USA, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 — COMMITMENTS AND CONTINGENCIES

Shares held for non-consenting shareholders – In connection with the Share Exchange agreement certain shareholders of Dandrit Denmark had not been identified or did not consent to the exchange of shares. In accordance with Section 70 of the Danish Companies Act and the Articles of Association of DanDrit Denmark, the Non-Consenting Shareholders that did not exchange the DanDrit Denmark equity interests owned by such Non-Consenting Shareholders for shares of the Company, will be entitled to receive up to 185,053 shares of common stock of the Company that each such Non-Consenting Shareholder would have been entitled to receive if such shareholder had consented to the Share Exchange. The 185,053 shares have been reflected as issued and outstanding in the accompanying financial statements.

Clinical Trial Agreements– The Company’s subsidiary, DanDrit Biotech A/S, signed a contract of collaboration with the University Hospital IRCCS “San Martino” - IST – National Institute for Cancer Research, known as the San Martino Hospital of Genoa. Dr. Alberto Sobrero, the Head of the Medical Oncology Unit at the San Martino Hospital, is principal investigator of the randomized multicenter study. The collaboration relates to a Phase III adjuvant study of DanDrit’s vaccine in patients with no evident disease (“NED”) stage IV colorectal cancer (“CRC”). The primary goal of the study is to evaluate the efficacy of DanDrit’s MelCancerVac® (“MCV”) in stage IV CRC patients rendered disease free after the completion of standard treatments in accordance with local practices.

On April 28, 2015 the Company entered into a service agreement with Fondazione Giscad per la Ricerca sui Tumori to support Dandrit in a clinical trial to be conducted in Italy.

Patient Name Use Program Agreements - On December 16, 2013, DanDrit Denmark entered into an agreement with a Dutch company (the “MCV Partner”) regarding a Patient Name Use Program (PNU) for the Company’s MCV. This program will allow DanDrit Denmark to sell MCV for a year of treatment (10 vaccines) to cancer patients through the MCV Partner. The MCV Partner offers a worldwide online platform providing access to non-registered medicines for patients with life threatening diseases. The MCV Partner is a turnkey solution and will be in charge of regulatory, recruitment, logistics, and pharmaco vigilance. The Company will pay the MCV Partner a royalty on a country to country basis for 20 years on MCV sales sold under the agreement. Either party may terminate the agreement with 180 day written notice.

On April 23, 2015, the Company entered into a collaboration agreement with Riyadh Pharma in Saudi Arabia to promote cooperation in the manufacturing and marketing of DanDrit’s dendritic cell cancer vaccine.

Manufacturing Agreements - On January 28, 2014, the Company entered into an agreement with Cellin Technologies for the manufacture of the MCV Cancer vaccine.

On August 8, 2014, the Company entered into an agreement with Cellin Technologies for the manufacture of the Melanoma Cell Lysate.

Food and Drug Administration (FDA) - The FDA has extensive regulatory authority over biopharmaceutical products (drugs and biological products), manufacturing protocols and procedures and the facilities in which they will be manufactured. Any new bio product intended for use in humans is subject to rigorous testing requirements imposed by the FDA with respect to product efficacy and safety, possible toxicity and side effects. FDA approval for the use of new bio products (which can never be assured) requires several rounds of extensive preclinical testing and clinical investigations conducted by the sponsoring pharmaceutical company prior to sale and use of the product. At each stage, the approvals granted by the FDA include the manufacturing process utilized to produce the product. Accordingly, the Company’s cell systems used for the production of therapeutic or bio therapeutic products are subject to significant regulation by the FDA under the Federal Food, Drug and Cosmetic Act, as amended.

Product liability -The contract production services for therapeutic products offered exposes an inherent risk of liability as bio therapeutic substances manufactured, at the request and to the specifications of customers, could

foreseeably cause adverse effects. The Company seeks to obtain agreements from contract production customers indemnifying and defending the Company from any potential liability arising from such risk. There can be no assurance, however, that the Company will be successful in obtaining such agreements in the future or that such indemnification agreements will adequately protect the Company against potential claims relating to such contract production services. The Company may also be exposed to potential product liability claims by users of its products. A successful partial or completely uninsured claim against the Company could have a material adverse effect on the Company's operations.

Employment Agreements -The Company and its Subsidiary have employment agreements with officers of the Company.

Contingencies - The Company is from time to time involved in routine legal and administrative proceedings and claims of various types. While any proceedings or claim contains an element of uncertainty, management does not expect a material impact on our results of operations or financial position.

Related Party Consulting Agreement — As of December 11, 2014, the Company entered into an agreement with Northern Biotech Fund SARL, an entity controlled by a shareholder of the Company. Northern Biotech Fund SARL provided consulting services to the Company through January 2015 in connection with planning and structuring a fund raising for the Company.

DANDRIT BIOTECH USA, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 — RELATED PARTY TRANSACTIONS

On July 10, 2015 the Company received a capital increase commitment on \$1,000,000 from a shareholder of the Company. The commitment expires on July 10, 2016.

At December 31, 2015 and 2014, the Company had various notes payable with shareholders of the Company (See Note 4).

On March 27, 2014 the Company entered into an operating lease agreement for office space from a shareholder of the Company (See Note 5) which was terminated on May 31, 2015. During the three and six months ended December 31, 2015, the Company paid the related party \$0 and \$0, respectively. During the same periods in 2014 the Company paid \$8,808 and \$17,746, respectively.

During the three and six months ended December 31, 2015 the Company paid \$22,020 and \$44,365 respectively, for medical consultancy services to JARO Holding ApS and in the same periods in 2014, \$27,613 and \$53,080, respectively. JARO Holding ApS is an entity owned by a director of the Company.

In July, 2015 the Company paid DKK50.000 (\$7,448) to Paseco ApS, an entity owned by a shareholder of the Company, for consultancy services provided in July 2015.

During the three and six months ended December 31, 2015, a law firm partially owned by the Company's Chairman of the Board of Directors provided legal services of \$8,193 and \$29,765, respectively, to the Company and in the same periods in 2014, \$4,096 and \$62,935, respectively. At December 31, 2015 the Company had a payable to the firm in the amount of \$96,897.

NOTE 11 — SUBSEQUENT EVENTS

The Company's management reviewed material events through February 11, 2016.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Forward Looking Statement Notice

Certain statements made in this Quarterly Report on Form 10-Q are “forward-looking statements” (within the meaning of the Private Securities Litigation Reform Act of 1995) regarding the plans and objectives of management for future operations. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of DanDrit Biotech USA, Inc. (“we”, “DanDrit USA”, “us”, “our”, the “Parent” or the “Company”) to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The forward-looking statements included herein are based on current expectations that involve numerous risks and uncertainties. The Company's plans and objectives are based, in part, on assumptions involving the continued expansion of business. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Company. Although the Company believes its assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate and, therefore, there can be no assurance the forward-looking statements included in this Quarterly Report will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by the Company or any other person that the objectives and plans of the Company will be achieved.

Description of Business

We are a biopharmaceutical company developing and commercializing targeted oncology vaccines that address major medical needs to advance cancer care. We are developing a polytopic (mainly MAGE-A family) dendritic cell vaccine cancer immuno therapy, which address patient populations of cancer survivors to prevent recurrence. Our lead product candidate, MCV, is a dendritic cell vaccine that could strengthen the immune response in colorectal cancer patients. In December 2013, DanDrit Denmark entered into an agreement with a Dutch company that provides access to non-registered medicines for patients with life threatening diseases, regarding a Patient Name Use Program (PNU) for MCV. This program will allow us to sell to the Dutch company MCV for one year of treatment (10 vaccines) to cancer patients.

The Company was originally incorporated in Delaware on January 18, 2011 under the name “Putnam Hills Corp.” as a vehicle to pursue a business combination through the acquisition of, or merger with, an operating business. We filed a Registration Statement on Form 10 with the U.S. Securities and Exchange Commission (the “SEC”) on August 12, 2011.

On February 12, 2014, pursuant to the terms and conditions of a Share Exchange Agreement (the "Share Exchange Agreement"), DanDrit USA acquired approximately 100% of the issued and outstanding capital stock of DanDrit BioTech A/S, a Danish corporation (“DanDrit Denmark”) and as a result became the parent of DanDrit Denmark (the “Share Exchange”). Prior to the Share Exchange there were 5,000,000 shares of the common stock, par value \$.0001 per share (the “Common Stock”) of the Parent outstanding. The Parent and a shareholder agreed to cancel 4,400,000 shares of its common stock and issued 1,440,000 shares of common stock for legal and consulting services related to the Share Exchange and a future financing. At the time of the Share Exchange, the outstanding shares of the common stock of DanDrit Denmark were exchanged for 1.498842 shares of Parent’s common stock, for a total of 6,000,000 shares of common stock (including 185,053 shares of common stock reserved for issuance in accordance with Section 70 of the Danish Companies Act and the Articles of Association of DanDrit Denmark to the Non-Consenting Shareholders, deemed issued and outstanding for accounting purposes). Following the closing of the Share Exchange, DanDrit Biotech USA, Inc., the wholly owned subsidiary of the Company, merged with and into the Company, thereby changing the Company’s name to “DanDrit Biotech USA, Inc.”

On February 14, 2014, the Company filed a registration statement on Form S-1 (the “Registration Statement”) to register 2,400,000 shares of common stock at a purchase price of \$5.00 per share in an initial public offering of up to an aggregate of \$12,000,000 in gross proceeds. The Registration Statement was declared effective by the SEC on August 14, 2014 (the “Offering”). In connection with the Offering, the Company issued and sold an aggregate 1,493,290 shares

of common stock for gross proceeds of \$5,466,450 and total aggregate gross proceeds of \$5,310,089 raised in the Offerings.

On December 31, 2014, the Company received \$2,000,000 in connection with a private offering of 400,000 shares of common stock at an offering price of \$5.00 per share.

On September 24, 2014, DanDrit Denmark signed a contract of collaboration with the University Hospital IRCCS “San Martino” - IST – National Institute for Cancer Research, known as the San Martino Hospital of Genoa. Dr. Alberto Sobrero, the Head of the Medical Oncology Unit at the San Martino Hospital, is principal investigator of the randomized multicenter study. The collaboration relates to a Phase III adjuvant study of DanDrit’s vaccine in patients with no evident disease (“NED”) stage IV colorectal cancer (“CRC”). The primary goal of the study is to evaluate the efficacy of DanDrit’s MelCancerVac® (“MCV”) in stage IV CRC patients rendered disease free after the completion of standard treatments in accordance with local practices.

The Company is an “emerging growth company”, as defined in the Jumpstart Our Business Startups Act of 2012 (“JOBS Act”), and may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies” including, but not limited to, not being required to comply with the auditor attestation requirements of section 404(b) of the Sarbanes-Oxley Act, and exemptions from the requirements of Sections 14A(a) and (b) of the Securities Exchange Act of 1934 to hold a nonbinding advisory vote of shareholders on executive compensation and any golden parachute payments not previously approved.

The Company has also elected to use the extended transition period for complying with new or revised accounting standards under Section 102(b)(1) of the JOBS Act. This election allows us to delay the adoption of new or revised accounting standards that have different effective dates for public and private companies until those standards apply to private companies. As a result of this election, our financial statements may not be comparable to companies that comply with public company effective dates.

We will remain an “emerging growth company” until the earliest of (1) the last day of the fiscal year during which our revenues exceed \$1 billion, (2) the date on which we issue more than \$1 billion in non-convertible debt in a three year period, (3) the last day of the fiscal year following the fifth anniversary of the date of the first sale of our common equity securities pursuant to an effective registration statement filed pursuant to the Securities Act of 1933, as amended, or (4) when the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the last business day of our most recently completed second fiscal quarter. To the extent that we continue to qualify as a “smaller reporting company”, as such term is defined in Rule 12b-2 under the Securities Exchange Act of 1934, after we cease to qualify as an emerging growth company, certain of the exemptions available to us as an emerging growth company may continue to be available to us as a smaller reporting company, including: (1) not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes Oxley Act; (2) scaled executive compensation disclosures; and (3) the requirement to provide only two years of audited financial statements, instead of three years.

Liquidity and Capital Resources

We have historically satisfied our capital and liquidity requirements through funding from our largest shareholders, the issuance of convertible notes (which over time have been converted into shares of our common stock) and the sale of common stock.

As of December 31, 2015 the Company had \$531,260 in cash and working capital of \$328,129 as compared to June 30, 2015, when the Company had \$1,474,134 in cash and cash held in escrow and working capital of \$910,522. The decrease in cash and working capital is primarily due to the Company's efforts to secure financings through equity offering and expenses for research and development attributable to the Company engaging an entity to perform Phase IIb/III clinical trial of MelCancerVac™.

Following is a summary of the company's cash flows provided by (used in) operating, investing, and financing activities:

	Six Months Ended Dec. 31, 2015	Six Months Ended Dec. 31, 2014
Net Cash (Used by) Operating Activities	\$(1,082,871)	\$(1,392,199)
Net Cash (Used by) Investing Activities	1,052,989	(1,882,394)
Net Cash Provided by Financing Activities	\$ -	\$ 5,811,043
(Gain) Loss on Currency Translation	139,997	291,357
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 110,115</u>	<u>\$ 2,827,807</u>

As of December 31, 2015, the Company is dependent upon the receipt of capital investment or other financing from related parties or other sources to fund its ongoing operations.

On December 31, 2014, the Company received \$2,000,000 in connection with a private offering of 400,000 shares of common stock at an offering price of \$5.00 per share.

During the year ended December 31, 2014, pursuant to the Company's offering up to \$12,000,000 (2,400,000 shares) of common stock at an offering price of \$5.00 per share in an initial public offering pursuant to a registration statement effective on August 12, 2014, the Company sold 1,093,290 shares of common stock for gross proceeds of \$5,466,450 less offering costs of \$156,360.

As of December 31, 2015, the outstanding balance of \$38,235 for professional fees paid by a related party and amounts advanced to the Parent are reported as loan payable - related party. The \$38,235 loan payable was acquired in the reverse acquisition. The amount is unsecured, non-interest bearing and has no stipulated repayment terms.

A 6% Promissory Note payable (the "Note") to NLBDIT 2010 Enterprises, LLC, an entity controlled by a shareholder of the Company, was acquired by the Company in the reverse acquisition, payable on February 12, 2014 upon the completion date of the Share Exchange. As of December 31, 2015 and 2014, the outstanding balance on the Note, including accrued interest, was \$46,063 and \$42,753, respectively. During the three and six months ended December 31, 2015 the Company recorded related party interest on the Note of \$592, and \$1,184, respectively and in the same periods in 2014, \$572 and \$1,184, respectively.

While the Company has incurred significant losses from inception and has insufficient working capital given its projected losses and planned Phase III testing of its product, we have committed sources of capital. On July 10, 2015 the Company received a capital increase commitment on \$1,000,000 from a shareholder of the Company. The commitment expires on July 10, 2016. Also on July 10, 2015 the Company received a capital increase commitment on \$1,000,000 from an individual. The commitment expires on July 10, 2016. We believe that our cash together with available funds from other potential sources of funds, such as loans and commitments from shareholders, will be sufficient to fund our

anticipated working capital needs and capital spending requirements for the next twelve months. However, if we were to incur any unanticipated expenditures, such circumstances could put a substantial burden on our cash resources. The Company plans to raise additional capital as needed through the sale of additional common shares and the future compassionate use sales of our product.

We may also need additional funds for possible future strategic acquisitions of businesses, products or technologies complementary to our business. If additional funds are required, we may raise such funds from time to time through public or private sales of equity or debt securities. Financing may not be available on acceptable terms, or at all, and our failure to raise capital when needed could materially adversely impact our growth plans and our financial condition and results of operations.

Results of Operations

The Company's sole source of operations is through its wholly owned Danish subsidiary, DanDrit Biotech A/S ("DanDrit Denmark"). There can be no assurance that DanDrit Denmark will be successful in obtaining US Food and Drug Administration approval of its colorectal vaccine, MCV, nor produce sufficient revenues from MCV to sustain operations. It is management's assertion that these circumstances may hinder the Company's ability to continue as a going concern. The Company's plan of operation for the next twelve months shall be to continue its efforts to raise capital and revenues associated with its MCV product.

Three and six months ended December 31, 2015 compared to the three and six months ended December 31, 2014

The following table sets forth our revenues, expenses and net income for the three and six months ended December 31, 2015 and 2014. The financial information below is derived from our unaudited condensed consolidated financial statements.

	For the Three Months Ended December 31,		For the Six Months Ended December 31,	
	2015	2014	2015	2014
Revenues	\$ 42,525	\$ -	\$ 42,525	\$ -
Cost of Goods Sold	5,244	70,161	5,244	213,656
Gross profit (Loss)	37,281	(70,161)	37,281	(213,656)
Operating Expenses				
General and Administrative Expenses	321,629	656,976	526,480	897,413
Research and Development Expenses	277,648	-	379,407	-
Depreciation and Amortization	15,991	4,499	19,928	9,225
Consulting Expenses	16,953	203,642	47,801	328,724
Total Operating Expense	<u>632,221</u>	<u>865,117</u>	<u>973,616</u>	<u>1,235,362</u>
(LOSS) FROM OPERATIONS	(594,940)	(935,278)	(936,335)	(1,449,018)
Other Income (Expense)				
Interest (expense)	1	(28,482)	1	(47,622)
Interest (expense) – Related Party	(592)	(572)	(1,184)	(1,164)
(Loss) on Currency Transactions	(166,348)	(40,927)	(198,576)	(40,801)
Interest and Other Income		5,478		5,689
Total Other Income (Expense)	<u>(166,939)</u>	<u>(64,503)</u>	<u>(199,759)</u>	<u>(83,898)</u>
(Loss) Before Income Taxes	(761,879)	(999,781)	(1,136,094)	(1,532,916)
Income Tax Expense (Benefit)	(340,103)	(46,650)	(364,016)	(44,542)
NET (LOSS)	\$ (421,776)	\$ (953,131)	\$ (772,078)	\$ (1,488,374)
BASIC AND DILUTED LOSS PER SHARE	\$ (0.04)	\$ (0.11)	\$ (0.08)	\$ (0.175)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED	9,533,290	8,925,309	9,533,290	8,503,147

Revenues

Revenues from operations for the three months ended December 31, 2015 and December 31, 2014 were \$ 42,525 and \$0, respectively, and \$42,525 and \$0 for the six months ended December 31, 2015 and December 31, 2014, respectively. The revenues for the three and six month periods ending December 31, 2015 were primarily final payment on project Naimet and a smaller amount of sale of lysate to the Singapore NCC compassionate use program by DanDrit Denmark.

Cost of Goods Sold

Our cost of goods sold was \$5,244 and \$70,161 during the three months ended December 31, 2015 and December 31, 2014, respectively and \$5,244 and \$213,656 for the six months ended December 31, 2015 and December 31, 2014, respectively, and was primarily associated with the production of lysate.

Gross profit (Loss)

Gross profit for the three months ended December 31, 2015 was \$37,281 compared to gross loss of \$70,161 for same period in 2014. Gross profit for the six months ended December 31, 2015 was \$37,281 compared to gross loss of \$213,656 for same period in 2014. The increase in the gross profit was primarily due to the final payment on project Naimet for the three and six months ended December 31, 2015.

Expenses

Our operating expense for the three months ended December 31, 2015 totaled \$632,221, representing a decrease of \$232,896, or approximately 27% compared to \$865,117 for the three months ended December 31, 2014. Our operating expense for the six months ended December 31, 2015 totaled \$973,616, representing a decrease of \$261,746, or approximately 21% compared to \$1,235,362 for the six months ended December 31, 2014. The largest contributors to the decrease in operating expenses were for fees associated with raising funds through an equity offering in 2014.

General and administrative expenses for the three months ended December 31, 2015 totaled \$321,629, representing a decrease of \$335,347, or approximately 51% compared to \$656,976 for the three months ended December 31, 2014. General and administrative expenses for the six months ended December 31, 2015 totaled \$526,480, representing a decrease of \$370,933, or approximately 41% compared to \$897,413 for the six months ended December 31, 2014. The decrease was due primarily to a decrease in costs associated with legal and audit fees. General and administrative expenses include audit and legal fees, office rental, insurance, patent fees, salaries and travel expenses.

Research and Development expenses for the three and six months ended December 31, 2015 were \$277,648 and \$379,407 respectively. There were no research and development expenses in the same periods in 2014. The research and development expenses are attributable to the Company performing Phase IIb/III clinical trial of MelCancerVac™.

Depreciation and amortization expenses for the three months ended December 31, 2015 and 2014 were \$15,991 and \$4,499, respectively and \$19,928 and \$9,225 for the six months ended December 31, 2015 and 2014, respectively. Depreciation and amortization expenses for the three and six months ended December 31, 2015 includes \$12,048 on loss on abandoned assets

Consulting expenses for the three months ended December 31, 2015 and 2014 were \$16,953 and \$203,642, respectively and \$47,801 and \$328,724 for the six months ended December 31, 2015 and 2014, respectively. The decrease was primarily due to the fees associated with raising funds through an equity offering in 2014.

Other income (expense) net for the three months ended December 31, 2015 and 2014 were \$(166,939) and \$(64,503), respectively and \$(199,759) and \$(83,898) for the six months ended December 31, 2015 and 2014, respectively. Other expense is associated with interest on related party loans and losses on currency transactions.

Net Loss

Net loss for the three months ended December 31, 2015 was \$(421,776) or \$(0.04) per share compared to a net loss of \$(953,131) or \$(0.11) per share for the three months ended December 31, 2014 representing a decrease of \$531,355 or 56%. Net loss for the six months ended December 31, 2015 was \$(772,078) or \$(0.08) per share compared to a net loss of \$(1,488,374) or \$(0.175) per share for the three months ended December 31, 2014 representing a decrease of \$716,296 or 48%. The decrease was primarily due to the decrease in expenses associated with raising funds through an equity offering in 2014 and the decrease in legal and audit fees.

Cash Flows

Cash used by operating activities for the six months ended December 31, 2015 was \$1,082,871, representing an increase of \$309,328, or approximately 22% compared to cash used by operating activities of \$1,392,199 for the six months ended December 31, 2014. The net cash used by operating activities was primarily due to fund raising efforts of the Company and the operations of DanDrit Denmark.

Assets

Total assets as of December 31, 2015 were \$1,335,686 compared to \$2,072,877 as of June 30, 2015. Total current liabilities decreased to \$893,914 as of December 31, 2015 compared to \$995,737 as of June 30, 2015. The decreases in total assets and in total current liabilities were mainly due to a decrease in cash and in accounts payable - related party as of December 31, 2015.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Company's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Emerging Growth Company

As an "emerging growth company" under the JOBS Act, the Company has elected to use the extended transition period for complying with new or revised accounting standards under Section 102(b)(1) of the JOBS Act. This election allows us to delay the adoption of new or revised accounting standards that have different effective dates for public and private companies until those standards apply to private companies. As a result of this election, our financial statements may not be comparable to companies that comply with public company effective dates.

Significant Accounting Policies and Critical Accounting Estimates

The methods, estimates, and judgments that we use in applying our accounting policies have a significant impact on the results that we report in our financial statements. Some of our accounting policies require us to make difficult and subjective judgments, often as a result of the need to make estimates regarding matters that are inherently uncertain. In addition, Section 107 of the JOBS Act provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We are not choosing to "opt out" of this provision. Section 107 of the JOBS Act provides that our decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable. As a result of our election, not to "opt out" of Section 107, DanDrit's financial statements may not be comparable to companies that comply with public company effective dates.

For a full explanation of our accounting policies, see Note 1 to the financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

As a "smaller reporting company" as defined by Rule 12b-2 of the Securities Exchange Act of 1934, the Company is not required to provide the information required by this Item.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed pursuant to the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules, regulations and related forms, and that such information is accumulated and communicated to our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

As of December 31, 2015, we carried out an evaluation, under the supervision and with the participation of our principal executive officer and our principal financial officer of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Quarterly Report on Form 10-Q.

Changes in Internal Controls

There have been no changes in our internal controls over financial reporting during the quarter ended December 31, 2015 that have materially affected or are reasonably likely to materially affect our internal controls.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

There are presently no material pending legal proceedings to which the Company or any of its subsidiaries, is a party or as to which any of its property is subject, and no such proceedings are known to the Company to be threatened or contemplated against it.

Item 1A. Risk Factors.

As a “smaller reporting company” as defined by Rule 12b-2 of the Securities Exchange Act of 1934, the Company is not required to provide the information required by this Item.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

(a) Exhibits required by Item 601 of Regulation S-K.

Exhibit No.	Description
2.1	Share Exchange Agreement dated February 12, 2014. (2)
3.1	Certificate of Incorporation, as filed with the Delaware Secretary of State on January 18, 2011.(2)
3.2	By-laws. (3)
3.3	Articles of Association of DanDrit Denmark, as amended, dated February 26, 2004. (2)
3.4	Certificate of Ownership and Merger, dated February 12, 2014. (2)
31.1	Certification of the Company's Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, with respect to the registrant's Quarterly Report on Form 10-Q for the quarter ended December 31, 2015.*
31.2	Certification of the Company's Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, with respect to the registrant's Quarterly Report on Form 10-Q for the quarter ended December 31, 2015.*
32.1	Certification of the Company's Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
32.2	Certification of the Company's Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
101.INS	XBRL Instance Document*
101.SCH	XBRL Taxonomy Extension Schema*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase*
101.DEF	XBRL Taxonomy Extension Definition Linkbase*
101.LAB	XBRL Taxonomy Extension Label Linkbase*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase*
(1)	Filed as an exhibit to the Company's Form 8-K filed with the SEC on August 12, 2014 and incorporated herein by reference.
(2)	Filed as an exhibit to the Company's Form S-1 filed with the SEC on February 14, 2014 and incorporated herein by reference.
(3)	Filed as an exhibit to the Company's Registration Statement on Form 10, as filed with the SEC on August 12, 2011, and incorporated herein by this reference.
*	Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DanDrit Biotech USA, Inc.

Dated: February 12, 2016

By: /s/ Eric J. Leire

Eric J. Leire
Chief Executive Officer
(Principal Executive Officer)

Dated: February 12, 2016

By: /s/ Lone Degn

Lone Degn
Chief Financial Officer
(Principal Financial and Accounting
Officer)