

**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, 2017

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 USA, Inc.**

Stumpedyssvej 17, 2970  
Hørsholm, Denmark  
+1(510)203-4857

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

**DanDrit Biotech USA, Inc.**

Fruebjergvej 3  
2100 Copenhagen, Denmark  
+45 30127206

(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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
(Do not check if a smaller reporting company)		Emerging growth company	<input checked="" type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

As of February 7, 2018, the number of shares of the registrant's common stock outstanding was 13,910,894.

**DANDRIT BIOTECH USA, INC. AND SUBSIDIARY**

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## 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, 2017 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-K for the fiscal year ended June 30, 2017 as amended and filed with the Securities and Exchange Commission on November 20, 2017.

**DANDRIT BIOTECH USA, INC. AND SUBSIDIARY  
CONDENSED CONSOLIDATED BALANCE SHEETS**

	<b>December 31,</b>	<b>June 30,</b>
	<b>2017</b>	<b>2017</b>
	<b>(Unaudited)</b>	
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 2,306,129	\$ 3,941,712
Cash held in escrow	4,811,766	-
Other Receivables	104,500	223,777
Prepaid Expenses	15,385	33,391
	<u>7,237,780</u>	<u>4,198,880</u>
Total Current Assets	<u>7,237,780</u>	<u>4,198,880</u>
PROPERTY AND EQUIPMENT, Net accumulated Depreciation	-	-
<b>OTHER ASSETS</b>		
Definite life intangible assets	122,794	124,393
Deposits	8,719	2,739
Deferred Stock Offering Cost	10,874	-
Loan Receivable	446,939	196,140
Total Other Assets	<u>589,326</u>	<u>323,272</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 7,827,106</u></b>	<b><u>\$ 4,522,152</u></b>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Advances to purchase common shares	\$ 4,811,766	\$ 1,600,354
Notes Payable - Related Party, current portion	89,000	87,817
Accounts Payable-trade	698,816	434,973
Accounts Payable - Related Party	235,000	235,000
Convertible notes payable – related party, (net of discounts of \$0 and \$11,997 respectively)	120,300	401,673
Accrued Expenses	19,551	229,601
Total Current Liabilities	<u>5,974,433</u>	<u>2,989,418</u>
Total Liabilities	<u>5,974,433</u>	<u>2,989,418</u>
<b>STOCKHOLDER'S EQUITY:</b>		
Preferred stock, \$0.0001 par value; 10,000,000 shares authorized; no shares issued and outstanding	-	-
Common stock, par value \$0.0001, 100,000,000 shares authorized, 13,910,894, and 12,433,290 issued and outstanding at December 31, 2017 and June 30, 2017, respectively	1,391	1,243
Additional paid-in capital	31,629,270	29,622,183
Accumulated Deficit	(29,746,238)	(28,443,524)
Other comprehensive income, net	(31,750)	352,832
Total Stockholder's Equity	<u>1,852,673</u>	<u>1,532,734</u>
<b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</b>	<b><u>\$ 7,827,106</u></b>	<b><u>4,522,152</u></b>

See accompanying notes to the unaudited condensed consolidated financial statements.

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

	For the Three Months		For the Six Months Ended	
	Ended		December 31,	
	December 31,	December 31,	December 31,	December 31,
	2017	2016	2017	2016
Revenues	\$ -	\$ -	\$ -	\$ -
Cost of Goods Sold	-	-	-	-
<b>Gross profit (Loss)</b>	-	-	-	-
Operating Expenses				
General and Administrative Expenses	668,231	348,597	956,947	553,548
Non-cash compensation expenses	-	-	112,837	626,487
Research and Development Expenses	219,969	13,787	373,621	30,891
Depreciation and Amortization	3,954	3,622	7,900	7,371
Consulting Expenses	388,888	182,779	456,098	182,779
Total Operating Expense	<u>1,281,042</u>	<u>548,785</u>	<u>1,907,403</u>	<u>1,401,076</u>
<b>(LOSS) FROM OPERATIONS</b>	(1,281,042)	(548,785)	(1,907,403)	(1,401,076)
Other Income (Expense)				
Interest (expense)	-	(2,196)	(62)	(3,213)
Interest (expense) – Related Party	(12,289)	(3,737)	(13,181)	(7,201)
Income (Loss) on Currency Transactions	209,023	(376,701)	596,432	(353,617)
Interest and Other Income	6,328	-	14,928	-
Total Other Income (Expense)	<u>202,762</u>	<u>(382,634)</u>	<u>598,117</u>	<u>(364,031)</u>
<b>(Loss) Before Income Taxes</b>	<u>(1,078,280)</u>	<u>(931,419)</u>	<u>(1,309,286)</u>	<u>(1,765,107)</u>
Income Tax Expense (Benefit)	<u>(1,934)</u>	<u>(12,815)</u>	<u>(6,572)</u>	<u>(53,322)</u>
<b>NET (LOSS)</b>	<u>\$ (1,076,346)</u>	<u>\$ (918,604)</u>	<u>\$ (1,302,714)</u>	<u>\$ (1,711,785)</u>
<b>BASIC AND DILUTED LOSS PER SHARE</b>	<u>\$ (0.078)</u>	<u>\$ (0.10)</u>	<u>\$ (0.103)</u>	<u>\$ (0.18)</u>
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED</b>	<u>13,847,118</u>	<u>9,533,290</u>	<u>12,711,029</u>	<u>9,533,290</u>

See accompanying notes to the unaudited condensed consolidated financial statements.

**DANDRIT BIOTECH USA, INC. AND SUBSIDIARY  
CONDENSED STATEMENT OF OTHER COMPREHENSIVE LOSS**

	(Unaudited)		(Unaudited)	
	For the Three Months		For the Six Months	
	Ended December 31,		Ended December 31,	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Net Loss</b>	\$ (1,076,346)	\$ (918,604)	\$ (1,302,714)	\$ (1,711,785)
<b>Currency Translation, Net of Taxes</b>	(129,993)	404,211	(384,582)	378,623
<b>Other Comprehensive Loss</b>	<u>\$ (1,206,339)</u>	<u>\$ (514,393)</u>	<u>\$ (1,687,296)</u>	<u>\$ (1,333,162)</u>

See accompanying notes to the unaudited condensed consolidated financial statements.

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

	<b>For the Six Months Ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
	<b>(Unaudited)</b>	
<b>NET (LOSS)</b>	<b>\$ (1,302,714)</b>	<b>\$ (1,711,785)</b>
<b>ADJUSTMENT TO RECONCILE NET LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</b>		
Depreciation and Amortization	7,900	7,371
Non-cash compensation	112,837	626,487
Accrued Interest on Notes Payable - Related Party	1,183	1,184
Accrued Interest on Notes Receivable	(10,874)	-
Accretion of discount on notes payable	11,997	8,706
<b>CHANGES IN ASSETS AND LIABILITIES:</b>		
(Increase) Decrease in Other Receivables	119,277	540,588
(Increase) Decrease in Prepaid Expenses/Deposits	12,026	4,657
Increase (Decrease) in Accounts Payable	263,843	(176,012)
Increase (Decrease) in Accounts Payable – Related Party	-	30,590
Increase (Decrease) in Accrued Expenses	(210,050)	17,375
<b>Total Adjustments</b>	<b>308,139</b>	<b>1,060,946</b>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(994,575)</b>	<b>(650,839)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net (Increase) in Cash Held in Escrow	(4,811,766)	-
Net (Increase) in Note Receivables	(250,799)	-
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(5,062,565)</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments on Notes Payable – Related Party	-	120,300
Net Proceeds from Advance to Purchase Common Shares	3,211,411	-
Proceeds from Notes Payables – Related Party	-	240,600
Proceeds from Stock Issuances	1,601,029	-
<b>NET CASH PROVIDED BY (USED BY) FINANCING ACTIVITIES</b>	<b>4,812,440</b>	<b>360,900</b>
Gain (Loss) on Currency Translation	(390,883)	384,176
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(1,635,583)</b>	<b>94,237</b>
<b>CASH, BEGINNING OF PERIOD</b>	<b>3,941,712</b>	<b>23,368</b>
<b>CASH, END OF PERIOD</b>	<b>\$ 2,306,129</b>	<b>\$ 117,605</b>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash paid during the periods for:		
Interest	\$ -	\$ -
Income Taxes	\$ -	\$ -
<b>SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES</b>		
Imputed interest on Non-interest bearing Convertible Notes Payable	\$ -	\$ 14,401
Beneficial Conversion Feature of Convertible Notes Payable	-	17,294
Amortization of discount on Convertible Notes Payable	11,997	8,706

Compensation for the issuance of stock options to the CEO and the Board	112,837	626,487
Convertible notes payable converted to 183,356 common shares	293,370	-

See accompanying notes to the unaudited condensed consolidated financial statements.



## DANDRIT BIOTECH USA, INC. AND SUBSIDIARY

### NOTES TO UNAUDITED CONDENSED 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, 2017 and 2016 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, 2017 audited financial statements. The results of operations for the periods ended December 31, 2017 and December 31, 2016 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", or "Parent") 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 a 100% owned subsidiary of the Company (subject to 123,464 common shares of DanDrit Denmark or 3.08% of outstanding shares to be acquired with the 185,053 common shares of the DanDrit Biotech USA held in escrow according to Danish law). The Company engages in the research and development, manufacturing and clinical trials of pharmaceutical and biological products for the human treatment of cancer.

**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.

**Share Exchange / Reverse Acquisition** — On February 12, 2014, pursuant to the Share Exchange Agreement (the "Share Exchange Agreement"), the Company completed the acquisition of 100% (subject to 123,464 common shares of DanDrit Denmark or 3.08% of outstanding shares to be acquired with the 185,053 common shares of the Company held in escrow according to Danish law) of the issued and outstanding capital stock of DanDrit Denmark (the "Share Exchange") and as a result became DanDrit Denmark's parent company. 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 Company outstanding. The Company and an existing shareholder agreed to cancel 4,400,000 shares of 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 Common Stock, for a total of 6,000,000 shares of Common Stock, resulting in 8,040,000 shares of 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, 2017 and 2016, 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.

## DANDRIT BIOTECH USA, INC. AND SUBSIDIARY

### NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

#### NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Consolidation** - For the years ended June 30, 2017 and 2016, the consolidated financial statements include the accounts and operations of the 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 ended December 31, 2017 and 2016. 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 and in the United States in excess of federally insured amounts at December 31, 2017 and 2016 of \$6,617,895 and \$0, respectively. As of December 31, 2017, the Company had 4,811,766 in cash held in escrow in connection with an advance to purchase Common Shares.

**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 nine years (See Note 3).

**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 sale of the Company’s product is limited to compassionate use within approved countries. The Company 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 Expenses** — 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 expenses were included in operating expenses for the six months ended December 31, 2017 and 2016, totaled \$373,621 and \$30,891, respectively.

## DANDRIT BIOTECH USA, INC. AND SUBSIDIARY

### NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

#### NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**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. Because of the net loss for the six months ended December 31, 2017 and December 31, 2016, the dilutive shares for both periods were excluded from the Diluted EPS calculation as the effect of these potential common shares is anti-dilutive.

**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.

**Stock Options and Warrants** - The Company has granted stock options to certain employees, officers and directors that were subsequently converted to warrants (See Note 10). During the years presented in the accompanying consolidated financial statements, the Company has granted stock options and warrants. The Company accounts for options and warrants in accordance with the provisions of FASB ASC Topic 718, Compensation – Stock Compensation. Non-cash compensation costs of \$112,837 and \$626,487 have been recognized for the vesting of options and warrants granted to employees and consultants with an associated recognized tax benefit of \$0 and \$0 for the years ended June 30, 2017 and 2016, respectively.

**Stock-Based Compensation** - The Company accounts for employee stock-based compensation in accordance with the guidance of Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or ASC, Topic 718, Compensation—Stock Compensation, which requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values. The fair value of the equity instrument is charged directly to compensation expense and credited to additional paid-in capital over the period during which services are rendered.

The Company follows ASC Topic 505 - 50, formerly EITF 96-18, “Accounting for Equity Instruments that are Issued to Other than Employees for Acquiring, or in Conjunction with Selling Goods and Services,” for stock options and warrants issued to consultants and other non-employees. In accordance with ASC Topic 505-50, these stock options and warrants issued as compensation for services provided to the Company are accounted for based upon the fair value of the services provided or the estimated fair market value of the option or warrant, whichever can be more clearly determined. The fair value of the equity instrument is charged directly to compensation expense and additional paid-in capital over the period during which services are rendered.

**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.

**Reclassification** — The financial statements as of June 30, 2017 to conform with the headings used a December 31, 2017 and included breaking out \$1,600,354 in cash held in escrow in connection with an advance to purchase of common shares from Notes Payable – Related Party to Advances for the Purchase of common shares. On July 12, 2017, the Company completed the private placement offering of 1,231,561 Units for total proceeds to the Company of \$1,601,029.

**DANDRIT BIOTECH USA, INC. AND SUBSIDIARY**

**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Recently Issued Accounting Standards:**

In February 2016, the FASB issued ASU No. 2016-02 - Leases (Topic 842), which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either financing or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The standard is effective on January 1, 2019, however early adoption is permitted. The Company is in the process of evaluating the impact of this new guidance.

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.

**NOTE 2 — PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31, 2017 and June 30, 2017:

	<u>Useful Life</u>	<u>December 31, 2017</u>	<u>June 30, 2017</u>
Lab equipment and instruments	4-7	\$ 177,397	\$ 168,627
Computer equipment	4-7	60,758	57,754
		<u>238,155</u>	<u>226,381</u>
Less Accumulated Depreciation		(238,155)	(226,381)
Net Property and Equipment		<u>\$ -</u>	<u>\$ -</u>

Depreciation expense amounted to \$0 and \$0 for the six month period ended December 31, 2017 and 2016, respectively.

**NOTE 3 — DEFINITE-LIFE INTANGIBLE ASSETS**

At December 31, 2017 and June 30, 2017, definite-life intangible assets, net of accumulated amortization, consisted of patents on the Company's products and processes of \$122,794 and \$124,393, respectively. The patents are recorded at cost and amortized over twenty years from the date of application. Amortization expense for the six months ended December 31, 2017 and 2016 was \$7,900 and \$7,371, respectively. Expected future amortization expense for the years ended are as follows:

<b>Year ending June 30,</b>	
2018	15,800
2019	15,800
2020	15,800
2021	15,800
2022	15,800
Thereafter	43,794
	<u>\$ 122,794</u>

**DANDRIT BIOTECH USA, INC. AND SUBSIDIARY**

**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 4 — NOTE RECEIVABLE**

On July 14, 2017, the Company agreed to loan to Enochian Biopharma, Inc., a Delaware corporation (“Enochian”) for up to \$500,000 in exchange for a promissory note executed by the Company (the “Enochian Note”). The Enochian Note matures on July 13, 2020, bears interest of 5% per annum and can be repaid early without penalty. The Company may accelerate payment under the Enochian Note upon certain events of default provided therein, whereby all amounts owed will become immediately due and payable. The loan is a long-term debt obligation as defined in Item 303(a)(5)(ii)(A) of Regulation S-K that is material to the Company. As of December 31, 2017, the Company has loaned \$446,939 under the Enochian Note with up to an additional \$53,061 available to be lent. The Enochian Note shall be assumed, cancelled or forgiven upon the completion of the Merger with Enochian (See Note 11).

The following represents the future maturities of long-term receivables as of December 31, 2017:

<b>Year ending December 31,</b>	
2018	-
2019	-
2020	446,939
2021	-
2022	-
Thereafter	-
	<u>\$ 446,939</u>

**NOTE 5 — NOTES PAYABLE – RELATED PARTY**

Notes payable to related parties consists of the following as of December 31, 2017 and June 30, 2017:

	<b>December 31, 2017</b>	<b>June 30, 2017</b>
Non-Interest Bearing Loan Payable Sunrise Financial Group Inc.	\$ 38,235	\$ 38,235
6% Promissory Note payable to NLBDIT 2010 Enterprises, LLC	50,765	49,581
<b>Total Notes Payable – Related Party</b>	<u>89,000</u>	<u>87,816</u>
Less Current Maturities	(89,000)	(87,816)
<b>Note Payables – Related Party Long Term</b>	<u>\$ -</u>	<u>\$ -</u>

As of December 31, 2017, the outstanding balance of \$38,235 for professional fees paid by a shareholder and amounts advanced to the Company are reported as notes payable - related party. The \$38,235 in notes payable were acquired in the reverse acquisition. The amounts are unsecured, non-interest bearing and have no stipulated repayment terms.

A 6% promissory note payable 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, 2017, and 2016, the outstanding balance on such note, including accrued interest, was \$50,765 and \$48,417, respectively. During the three and six months ended December 31, 2017, 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, 2016, the Company recorded related party interest on the note of \$592 and \$1,184, respectively.

**DANDRIT BIOTECH USA, INC. AND SUBSIDIARY**

**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 6 — CONVERTIBLE NOTES PAYABLE – RELATED PARTY**

Convertible notes payable to related parties consisted of the following as of December 31, 2017 and June 30, 2017:

	<b>December 31, 2017</b>	<b>June 30, 2017</b>
Non-Interest Bearing Notes Payable to a Shareholder	\$ 120,300	\$ 120,300
Non-Interest Bearing Notes Payable to a Former Director and Shareholder	-	240,600
Non-Interest Bearing Notes Payable to a Former Director and Shareholder	-	52,770
Less Discount	-	(11,997)
<b>Total Convertible Notes Payable – Related Party</b>	<b>120,300</b>	<b>\$ 401,673</b>
Less Current Maturities	(120,300)	(401,673)
<b>Net Convertible Note Payables – Related Party Long Term</b>	<b>\$ -</b>	<b>-</b>

The following represents the future maturities of short-term debt as of December 31, 2017:

**December 31, 2017**

2018	120,300
2019	-
2020	-
2021	-
2022	-
Thereafter	-
	<b>120,300</b>

On July 1, 2016, the Company entered into a non-interest bearing convertible note for \$60,150 with a shareholder of the Company (the “July 1 Note”). The July 1 Note had a maturity date of December 31, 2017 and was originally convertible into shares of Common Stock at \$2.00 per share (see Note 11). The July 1 Note was amended on October 31, 2017, whereby it was convertible into shares of Common Stock at \$1.60 per share with a maturity date of December 31, 2017. As the Common Stock was trading at \$2.50 on July 1, 2016, the Company bifurcated the intrinsic value of the beneficial conversion feature and recorded a discount of \$15,038. As the July 1 Note is non-interest bearing, the Company imputed the interest at 3% and further recorded a discount of \$2,639. The interest is being amortized to expense using the effective interest method through the December 31, 2017 maturity. For the six months ended December 31, 2017 and December 31, 2016, interest expense of \$3,697 and \$5,234 respectively, was recorded for the amortization of the discount. The Note was subsequently converted into 37,594 shares of the Company’s common stock on January 31, 2018.

On July 19, 2016, the Company entered into a non-interest bearing convertible note for \$60,150 with a shareholder of the Company (the “July 19 Note”). The July 19 Note had a maturity date December 31, 2017 and was originally convertible into shares of Common Stock at \$2.00 per share (see Note 11). The July 19 Note was amended on October 31, 2017, whereby it was convertible into shares of Common Stock at \$1.60 per share with a maturity date of December 31, 2017. As the July 19 Note is non-interest bearing, the Company imputed the interest at 3% and further recorded a discount of \$2,555. The interest will be amortized to expense using the effective interest method through the December 31, 2017 maturity. For the six months ended December 31, 2017 and December 31, 2016, interest expense of \$899 and \$783 respectively, was recorded for the amortization of the discount. The Note was subsequently converted into 37,594 shares of the Company’s common stock on January 31, 2018.

On August 24, 2016, the Company entered into a non-interest bearing convertible note for \$90,225 with a shareholder of the Company (the “August 24 Note”). The August 24 Note was later acquired by an entity controlled by a then board member and shareholder of the Company. The August 24 Note had a maturity date of December 31, 2017 and was originally convertible into shares of Common Stock at \$2.00 per share. The August 24 Note was amended on October 31, 2017, whereby it was convertible into shares of Common Stock at \$1.60 per share with a maturity date of December 31, 2017 (see Note 10). As the Common Stock was trading at \$2.05 on August 24, 2016, the Company bifurcated the intrinsic value of the beneficial conversion feature and recorded a discount of \$2,256. As the August 24 Note was non-interest bearing, the Company imputed the interest at 3% and further recorded a discount of \$3,577. Interest is amortized to expense using the effective interest method through maturity. For six months ended December 31, 2017 and December 31, 2016, interest expense of \$1,610 and \$1,487, respectively, was recorded for the amortization of the discount. The August 24 Note was converted to 56,390 shares of the Company’s Common Stock on November 29, 2017.





**DANDRIT BIOTECH USA, INC. AND SUBSIDIARY**

**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 6 — CONVERTIBLE NOTES PAYABLE – RELATED PARTY (continued)**

On September 21, 2016 the Company entered into a non-interest bearing convertible note for \$150,375 with a shareholder of the Company (the “September 21 Note”). The September 21 Note was later acquired by an entity controlled by a then board member and shareholder of the Company. The September 21 Note had a maturity date of December 31, 2017 and was originally convertible into shares of Common Stock at \$2.00 per share. The September 21 Note was amended on October 31, 2017, whereby it was convertible into shares of Common Stock at \$1.60 per share with a maturity date of December 31, 2017 (See Note 10). As the note was non-interest bearing the Company imputed the interest at 3% and further recorded a discount of \$5,630. Interest is amortized to expense using the effective interest method through maturity. For the six months ended December 31, 2016, interest expense of \$1,202 was recorded for the amortization of the discount. The September 21 Note was converted to 93,984 shares of the Company’s common stock on November 29, 2017.

On March 9, 2017, the Company entered into a non-interest-bearing convertible note for \$52,770 with an entity controlled by shareholder and former board member of the Company (the “March 9 Note” and together with the September 21 Note, August 24 Note, July 19 Note and the July 1 Note, the “2016/2017 Notes”). The March 9 Note was originally convertible into shares of Common Stock at \$2.00 per share, and had an original maturity date of June 30, 2017. The March 9 Note was amended on October 31, 2017, whereby it was convertible into shares of Common Stock at \$1.60 per share with a maturity date of December 31, 2017 (See Note 10). As the note is non-interest bearing the Company imputed the interest at 3% and further recorded a discount of \$486. The interest will be amortized to expense using the effective interest method through the June 30, 2017 maturity. The March 9 Note was converted to 32,982 shares of the Company’s Common Stock on November 29, 2017.

**NOTE 7 — LEASES**

**Operating Leases** — The Company leased laboratory and production space under an operating lease agreement which terminated September 30, 2017. The lease called for monthly payments of DKK 6,300 (approximately \$1,000 at September 30, 2017).

The Company had an agreement for use of virtual office space at a rate of \$450 per month on a month-to-month basis, which was terminable by either party on one month’s notice. This lease was terminated November 30, 2017.

On November 13, 2017, the Company entered into a Lease Agreement for a term of five years and two months from November 1, 2017 (the “Term”) with Plaza Medical Office Building, LLC, a California Limited Liability Company (the “Landlord”), as landlord, pursuant to which the Company agreed to lease from the Landlord certain premises (the “Leased Premises”) located in Los Angeles.

The Leased Premises consist of approximately 2,325 rentable square feet. The base rent for the Leased Premises increases by 3% each year over the Term, and ranges from approximately \$8,719 per month for the first year to \$10,107 per month for the two months of the sixth year. The equalized monthly lease payment for the term of the lease is \$8,124. The Company is entitled to \$70,800 in tenant improvement allowance in the form of free rent applied over 10 months in equal installments beginning in January of 2018.

For the six months ended December 31, 2017 and December 31, 2016 the lease expense charged to operations was \$1,450 and \$1,395, respectively.

## DANDRIT BIOTECH USA, INC. AND SUBSIDIARY

### NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

#### NOTE 8 — STOCKHOLDERS' EQUITY

**Common Stock** — The Company has 100,000,000 authorized shares of Common Stock, par value \$0.0001 per share. As of December 31, 2017 and June 30, 2017 there were 13,910,894 and 12,433,290 shares issued and outstanding, respectively.

**Voting** — Holders of 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 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 Common Stock will be entitled to share ratably in the distribution of any of our remaining assets.

**Common Stock Issuances** — On May 15, 2017, the Company completed a private placement offering of units, with each unit consisting of one share of Common Stock and warrants to purchase two shares of Common Stock at a strike price of \$1.30 per share (each, a "Unit"), for \$1.30 per Unit. In total, the Company issued and sold 2,700,000 shares of Common Stock and warrants to acquire 5,400,000 shares of Common Stock for total proceeds to the Company of \$3,510,000.

On June 9, 2017, the Company issued 200,000 shares of Common Stock valued at \$240,000 in connection with a consulting agreement at \$1.20 per share.

On July 12, 2017, the Company completed a private placement offering of 1,231,561 Units for total proceeds to the Company of \$1,601,029.

On August 30, 2017, the Company issued 62,687 shares of Common Stock to the CEO and recorded non-cash compensation expense of \$112,837 with a cost basis of \$1.80.

On November 29, 2017 pursuant to the exercise of certain Convertible promissory notes of \$90,225, \$150,375 and \$52,770, the Company issued 183,356 shares of Common Stock with a cost-basis of \$1.60 per share.

As of December 31, 2017, the Company had 4,811,766 in cash held in escrow in connection with an advance to purchase common shares.

**Share Exchange Agreement / Reverse Acquisition** — On February 12, 2014, in accordance with the terms and conditions of the Share Exchange Agreement we completed the acquisition of 100% (subject to 123,464 common shares of DanDrit Denmark or 3.08% of outstanding shares to be acquired with the 185,053 common shares of the DanDrit Biotech USA held in escrow according to Danish law) of the issued and outstanding capital stock of DanDrit Denmark (Share Exchange) and as a result became DanDrit Denmark's parent company. In connection with the Share Exchange, each outstanding share of common stock of DanDrit Denmark was exchanged for 1.498842 shares of 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.

**Stock Options / Grant Warrants** — On September 15, 2016, the Board granted the right to acquire 300,000 shares of Common Stock at a strike price of \$2.00 per share in what the Board originally described as "options" (the "Grants") to each of Eric Leire, APE Invest A/S for Aldo Petersen and N.E. Nielsen in consideration of their service to the Company, which vested upon grant, and expire December 31, 2019. In October of 2017, the Company issued warrants to APE Invest A/S and N.E. Nielsen, and in January 2018, the Company issued a warrant to Eric Leire (each a "Option/Grant Warrant" collectively the "Options/Grant Warrants") to evidence the Grants for an aggregate of 900,000 Options/Grant Warrants.



**DANDRIT BIOTECH USA, INC. AND SUBSIDIARY**

**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 8 — STOCKHOLDERS' EQUITY (Continued)**

The Company recognizes compensation costs for the Options/Grant Warrants to employees based on their grant-date fair value. The value of each Option/Grant Warrant is estimated on the date of grant using the Black-Scholes option-pricing model. The weighted-average assumptions used to estimate the fair values of the Options/Grant Warrants granted during 2016 using the Black-Scholes option-pricing model are as follows:

	<b>DanDrit Biotech USA, Inc.</b>
Expected term (in years)	3.29
Volatility	189.65%
Risk free interest rate	0.87%
Dividend yield	0%

The Company recognized stock based compensation expense related to the Options/Grant Warrants of \$0 and \$626,487 for the six months ended December 31, 2017 and December 31, 2016, respectively. At December 31, 2017 and December 31, 2016, the Company had approximately \$0 of unrecognized compensation cost related to non-vested Options/Grant Warrants.

A summary of the status of the Options/Grant Warrants originally issued to an officer and two (now former) directors outstanding at December 31, 2017 is presented below:

	<b>Options/Grant Warrants Outstanding</b>			<b>Options/Grant Warrants Exercisable</b>		
	<b>Exercise Prices</b>	<b>Number Outstanding</b>	<b>Weighted Average Remaining Contractual Life (years)</b>	<b>Weighted Average Exercise Price</b>	<b>Number Exercisable</b>	<b>Weighted Average Exercise Price</b>
Total	\$ 2.00	900,000	2.0	\$ 2.00	900,000	\$2.00

**DANDRIT BIOTECH USA, INC. AND SUBSIDIARY**

**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 8 — STOCKHOLDERS' EQUITY (Continued)**

A summary of the status of the Options/Grant Warrants at December 31, 2017, and changes during the period are presented below:

	<b>December 31, 2017</b>			<b>Weighted Average Intrinsic Value</b>
	<b>Shares</b>	<b>Weighted Average Exercise Price</b>	<b>Average Remaining Life</b>	
Outstanding at beginning of period	900,000	\$ 2.00	2.0	\$ -
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited	-	-	-	-
Expired	-	-	-	-
Outstanding at end of period	<u>900,000</u>	<u>\$ 2.00</u>	<u>2.0</u>	<u>\$ 2.75</u>
Vested and expected to vest	<u>900,000</u>	<u>\$ 2.00</u>	<u>2.0</u>	<u>\$ 2.75</u>
Exercisable end of period	<u><u>900,000</u></u>	<u><u>\$ 2.00</u></u>	<u><u>2.0</u></u>	<u><u>\$ 2.75</u></u>

At December 31, 2017, all Options/Grant Warrants issued are exercisable. The total intrinsic value of Options/Grant Warrants at December 31, 2017 was \$2,475,000. Intrinsic value is measured using the fair market value at the date of exercise (for shares exercised) or at December 31, 2017 (for outstanding Options/Grant Warrants), less the applicable exercise price.

**ANDRIT BIOTECH USA, INC. AND SUBSIDIARY**

**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 8 — STOCKHOLDERS' EQUITY (Continued)**

**Common Stock Purchase Warrants**

A summary of the status of common shares which can be purchased underlying the warrants outstanding at December 31, 2017 is presented below:

Exercise Prices	Equivalent Shares Underlying Warrants Outstanding			Equivalent Shares Exercisable		
	Equivalent Shares	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price	
\$ 1.30	5,500,000	4.3	\$ 1.30	5,500,000	\$ 1.30	
\$ 1.30	2,463,122	4.0	\$ 1.30	2,463,122	\$ 1.30	
Total	<u>7,963,122</u>	<u>4.2</u>	<u>\$ 1.30</u>	<u>7,963,122</u>	<u>\$ 1.30</u>	

At December 31, 2017, the Company had 0 non-vested warrants. On April 21, 2017, the Company recorded non-cash compensation expense of \$115,754 related to the 100,000 warrants issued for consulting services. The warrants were valued using the Black-Scholes option pricing model using the following assumptions 5 year expected term, 188% volatility, 1.77% risk free interest rate and 0% dividend yield.

The exercise price of certain warrants and the number of shares underlying the warrants are subject to adjustment for stock dividends, subdivisions of the outstanding shares of Common Stock and combinations of the outstanding shares of Common Stock. For so long as the warrants remain outstanding, we are required to keep reserved from our authorized and unissued shares of Common Stock a sufficient number of shares to provide for the issuance of the shares underlying the warrants.

## DANDRIT BIOTECH USA, INC. AND SUBSIDIARY

### NOTES TO UNAUDITED CONDENSED 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. 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 RicercasuiTumori 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.

## DANDRIT BIOTECH USA, INC. AND SUBSIDIARY

### NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

#### NOTE 10 — RELATED PARTY TRANSACTIONS

Between July 1, 2016 and March 9, 2017, the Company entered into the 2016/2017 Notes with shareholders of the Company, one of whom is a former director of the Company (see Note 6). On October 31, 2017, the Company executed amendments to the 2016/2017 Notes and issued replacement notes to the current holders of such notes. The 2016/2017 Notes, as amended, were convertible into shares of Common Stock at \$1.60 per share and mature on December 31, 2017. The holders of the 2016/2017 notes have converted such notes into 150,374 shares of Common Stock (See Note 6 and Note 11).

On December 29, 2017 the Company entered into a consulting agreement (“RS Consulting Agreement”) with RS Group ApS, a company owned and controlled by 2 Company directors for consulting services from October 1, 2017 through March 31, 2018. In consideration for the consulting services, the Company will pay RS Group ApS \$367,222. At December 31, 2017 the Company had a payable to RS Group ApS of \$367,222.

At December 31, 2017, and December 31, 2016, the Company had a payable to a law firm at which the former Chairman of the Board of Directors was a partner in the amount of \$0 and \$127,947, respectively.

On July 1, 2016, the Company entered into a financial services agreement with APE Invest AS (an entity owned by a former director of the Company) for consultancy services related to the Company raising additional equity financing in the US and Danish capital markets. The agreement called for a monthly payment of \$20,000 with a \$100,000 retainer payment due November 1, 2016. The agreement was terminated June 9, 2017.

On September 15, 2016, the Company recorded \$626,487 in non-cash compensation for the grant of 900,000 Grant Warrants to employees, officers, and directors of the Company, which shall be fully vested upon grant, to purchase shares of Common Stock at \$2.00 per share, and expire December 31, 2019. The Grant Warrants contain certain anti-dilution provisions.

#### NOTE 11 — SUBSEQUENT EVENTS

In accordance with ASC 855-10, Company management reviewed all material events through the date of this report. The following material subsequent events occurred:

On January 12, 2018 the Company entered into an Agreement and Plan of Merger (the “Merger Agreement”) by and among the Company, DanDrit Acquisition Sub, Inc., a Delaware corporation and a wholly owned subsidiary of the Registrant (“Merger Sub”), Enochian and Weird Science LLC, a California limited liability company and the super majority stockholder of Enochian (“Weird Science”). The Merger Agreement provides, among other things, that the Merger Sub will merge with and into Enochian, with Enochian as the surviving corporation (the “Merger”). As consideration for the Merger, the stockholders of Enochian shall be entitled to receive (i) 50% of the number of shares of Common Stock issued and outstanding as of the effective time of the Merger, in the aggregate, after giving effect to the Merger, and (ii) earn-out shares of the Common Stock pro rata upon the exercise or conversion of any of the Parent’s stock options and warrants which are outstanding at closing.

On January 18, 2018, the Company announced the appointment of Ambassador Mark R. Dybul, MD and Steven G. Deeks, MD to its Scientific Advisory Board. Ambassador Dybul will also serve as the Chairman of the Scientific Advisory Board.

On January 24, 2018, the holder of the July 1 Note and the July 19 Note converted both notes, and the Company subsequently issued 75,188 shares of Common Stock.

## **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", and together with its subsidiary, 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.

### **Our Business**

The Company has developed and patented vaccines used in initial clinical trials in Europe and Asia including MelCancerVac™ (MCV) for the treatment of cancer (one phase I/II trial in Denmark and two phase II trials in Denmark and Singapore). The Company has advanced candidate therapies, targeted initially at non-small-cell-lung-cancer (NSCLC) and colorectal cancer (sometimes referred to herein as CRC). MCV was developed by the Company in 2001.

Our only product is MCV and currently there is no ability to market MCV.

Our current strategy is focused on conducting clinical trials in advanced colorectal cancer. Our clinical development strategy is to continue our research and development of MCV including but not limited to a randomized multicenter Phase III clinical trial to determine the ability of MCV to prevent recidivism in stage IV colorectal patients with no evidence of disease (NED) after resection of metastasis and chemotherapy.

### **Recent Developments**

On April 21, 2017, the Company engaged a consultant to improve the efficacy of the Company's vaccine protocol MCV. The compensation to the consultant was \$75,000 plus 200,000 common shares of the Company's stock valued at \$240,000.

On April 21, 2017, the Company engaged a consultant to improve the efficacy of the Company's vaccine protocol MCV. The compensation to the consultant was \$5,000 per month plus 100,000 warrants to purchase common shares at \$1.30 per share expiring April 21, 2022 valued at \$115,754.

In July 2017, DanDrit USA executed a non-binding letter of intent for the acquisition of a biotechnology company with certain intellectual property rights in the field of HIV.

On October 9, 2017, the Board of Directors of the Company accepted the amicable resignation of Torben Bjørn Christensen as a director of the Company and appointed Henrik Grønfeldt-Sørensen to replace Mr. Christensen as a director.

On December 29, 2017 the Company entered into a consulting agreement (the "RS Consulting Agreement") with RS Group ApS, a company owned and controlled by two Company directors for consulting services from October 1, 2017 through March 31, 2018. In consideration for the consulting services, the Company will pay RS Group ApS \$367,222. At December 31, 2017 the Company had a payable to RS Group ApS of \$367,222.

On January 12, 2018, the Company entered into the Merger Agreement, by and among the Company, Merger Sub, Enochian and Weird Science. The Merger Agreement provides, among other things, that the Merger Sub will merge with and into Enochian, with Enochian as the surviving corporation. As consideration for the Merger, the stockholders of Enochian shall be entitled to receive (i) 50% of the number of shares of Common Stock issued and outstanding as of the effective time of the Merger, in the aggregate, after giving effect to the Merger, and (ii) earn-out shares of the Company's common stock pro rata upon the exercise or conversion of any of the Company's stock options and warrants which are outstanding on the date of closing.



## Corporate History

DanDrit USA 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, or the SEC, on August 12, 2011.

On February 12, 2014, in accordance with the terms and conditions of a Share Exchange Agreement, we completed the acquisition of 100% (subject to 123,464 common shares of DanDrit Denmark or 3.08% of outstanding shares to be acquired with the 185,053 common shares of the DanDrit Biotech USA held in escrow according to Danish law) of the issued and outstanding capital stock of DanDrit Denmark and as a result became DanDrit Denmark’s parent company. In connection with this Share Exchange, each outstanding share of common stock of DanDrit Denmark was exchanged for 1.498842 shares of 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 stockholders 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 stockholder 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 were appointed to serve as the Board of Directors and executive management of DanDrit USA, respectively, effective upon the resignation of the sole officer and director of DanDrit USA prior to the closing of the Share Exchange.

In June 2015, DanDrit USA’s Board of Directors, or the Board, approved a change to its fiscal year end from December 31 to June 30.

## Emerging Growth Company

As a company with less than \$1.0 billion in revenue during our last fiscal year, we qualify as an “emerging growth company” as defined in the Jumpstart Our Business Startups Act, or JOBS Act, enacted in April 2012. An “emerging growth company” may take advantage of reduced reporting requirements that are otherwise applicable to public companies. These provisions include, but are not limited to:

- Reduced disclosure about our executive compensation arrangements;
- No non-binding shareholder advisory votes on executive compensation or golden parachute arrangements;
- Exemption from the auditor attestation requirement in the assessment of our internal control over financial reporting; and
- Reduced disclosure of financial information in this prospectus, limited to two years of audited financial information and two years of selected financial information.

Each of the foregoing exemptions is currently available to us. We may take advantage of these exemptions until the last day of our fiscal year following the fifth anniversary of the date of the first sale of our common equity securities pursuant to an effective registration statement under the Securities Act, which such fifth anniversary will occur on June 30, 2019 or such earlier time that we are no longer an emerging growth company. We would cease to be an emerging growth company if we have more than \$1.0 billion in annual revenues as of the end of a fiscal year, if we are deemed to be a large accelerated filer under the rules of the SEC, or if we issue more than \$1.0 billion of non-convertible debt over a three-year-period. The JOBS Act permits an emerging growth company to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies; provided, however, that an emerging growth company may elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. We have not elected to opt out of the transition period.

Because we have elected to take advantage of certain of the reduced disclosure obligations and may elect to take advantage of other reduced reporting requirements in future filings, the information that we provide to our stockholders may be different than you might receive from other public reporting companies in which you hold equity interests.

## 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, 2017, the Company had \$2,306,129 in cash and working capital of \$1,263,347 as compared to \$2,944,659 and \$3,941,712 in cash and \$2,210,007 and \$1,209,462 in working capital as of September 30, 2017 and June 30, 2017, respectively. The decrease in cash is primarily attributable due to fund raising efforts of the Company and the operations of DanDrit Denmark.

On May 15, 2017, the Company completed a private placement offering of units, with each unit consisting of one share of Common Stock and two warrants to purchase one share of Common Stock at a strike price of \$1.30 per share for \$1.30 per unit. In total, the Company issued and sold 2,700,000 shares of Common Stock and warrants to acquire 5,400,000 shares of Common Stock for total proceeds to the Company of \$3,510,000.

On July 12, 2017, Company completed a private placement offering of 1,231,561 units, with each unit consisting of one share of Common Stock and warrants to purchase two shares of Common Stock at a strike price of \$1.30 per share for \$1.30 per unit for total proceeds to the Company of \$1,601,029.

The private placements were made directly by the Company in reliance upon Section 4(a)(2) and/or Regulation S and no underwriter or placement agent was engaged by the Company.

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

	<b>Six Months Ended December 31, 2017</b>	<b>Six Months Ended December 31, 2016</b>
Net Cash (Used by) Operating Activities	\$ (994,575)	\$ (650,839)
Net Cash (Used by) Investing Activities	(5,062,565)	-
Net Cash Provided by Financing Activities	\$ 4,811,766	\$ 360,900
(Gain) Loss on Currency Translation	(390,883)	384,176
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ (1,635,583)</u>	<u>\$ 94,237</u>

As of December 31, 2017, and December 31, 2016, the outstanding balance of \$38,235 for professional fees paid by a related party and amounts advanced to the Company 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 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, 2017, and December 31, 2016, the outstanding balance on the note, including accrued interest, was \$50,173 and \$48,417, respectively. During the six months ended December 31, 2017 and December 31, 2016 the Company recorded related party interest on the Note of \$1,184, and \$1,184, respectively.

On July 1, 2016, the Company entered into the July 1 Note for \$60,150 with a shareholder of the Company. The July 1 Note had a maturity date of December 31, 2017 and was convertible into shares of Common Stock at \$2.00 per share. The July 19 Note was amended on October 31, 2017, whereby it was convertible into shares of Common Stock at \$1.60 per share with a maturity date of December 31, 2017 (see Note 10 to the Financial Statements). The July 1 Note was converted into 37,594 shares of Common Stock On January 24, 2018 (see Note 11 to the financial statements).

On July 19, 2016, the Company entered into the July 19 Note for \$60,150 with a shareholder of the Company. The July 19 Note had a maturity date of December 31, 2017 and was convertible into shares of Common Stock at \$2.00 per share. The July 19 Note was amended on October 31, 2017, whereby it was convertible into shares of Common Stock at \$1.60 per share with a maturity date of December 31, 2017 (see Note 10 to the Financial Statements). The July 19 Note was converted into 37,594 shares of Common Stock on January 24, 2018 (see Note 11 to the financial statements).

On August 24, 2016, the Company entered into the August 24 Note for \$90,225 with a shareholder of the Company. The August 24 Note was later acquired by an entity controlled by a then board member and shareholder of the Company. The August 24 Note matured on December 31, 2017 and was convertible into shares of Common Stock at \$2.00 per share. The August 24 Note was amended on October 31, 2017, whereby it was convertible into shares of Common Stock at \$1.60 per share with a maturity date of December 31, 2017 (see Note 10 to the Financial Statements). The August 24 Note was converted to 56,390 shares of the Company's Common Stock on November 29, 2017.

On September 21, 2016 the Company entered into the September 21 Note for \$150,375 with a shareholder of the Company. The September 21 Note had a maturity date of December 31, 2017 and was convertible into shares of Common Stock at \$2.00 per share. The September 21 Note was amended on October 31, 2017, whereby it was convertible into shares of Common Stock at \$1.60 per share with a maturity date of December 31, 2017 (see Note 10 to the Financial Statements). The September 21 Note was converted to 93,984 shares of the Company's Common Stock on November 29, 2017.

On March 9, 2017, the Company entered into the March 9 Note for \$52,770 with an entity controlled by shareholder and former board member of the Company. The March 9 Note matured June 30, 2017 and was convertible into shares of Common Stock at \$2.00 per share. The March 9 Note was amended on October 31, 2017, whereby it was convertible into shares of Common Stock at \$1.60 per share with a maturity date of December 31, 2017 (see Note 10 to the Financial Statements). The March 9 Note was converted to 32,982 shares of the Company's Common Stock on November 29, 2017.

### Results of Operations for the three months ended December 31, 2017 compared to the three months ended December 31, 2016

The following table sets forth our revenues, expenses and net income for the three months ended December 31, 2017 and December 31, 2016. The financial information below is derived from our unaudited condensed consolidated financial statements.

	For the Three Months Ended December 31,	
	2017	2016
<b>Revenues</b>	\$ -	\$ -
<b>Cost of Goods Sold</b>	-	-
<b>Gross profit (Loss)</b>	<u>-</u>	<u>-</u>
<b>Operating Expenses</b>		
General and Administrative Expenses	668,231	348,597
Non-cash compensation expenses	-	-
Research and Development Expenses	219,969	13,787
Depreciation and Amortization	3,954	3,622
Consulting Expenses	388,888	182,779
Total Operating Expense	<u>1,281,042</u>	<u>548,785</u>
<b>(LOSS) FROM OPERATIONS</b>	<u>(1,281,042)</u>	<u>(548,785)</u>
<b>Other Income (Expense)</b>		
Interest (expense)	-	(2,196)
Interest (expense) – Related Party	(12,289)	(3,737)
Gain (Loss) on Currency Transactions	209,023	(376,701)
Interest and Other Income	6,328	-
Total Other Income (Expense)	<u>202,762</u>	<u>(382,634)</u>
<b>(Loss) Before Income Taxes</b>	<u>(1,078,280)</u>	<u>(931,419)</u>
<b>Income Tax Expense (Benefit)</b>	<u>(1,934)</u>	<u>(12,815)</u>
<b>NET (LOSS)</b>	<u>\$ (1,076,346)</u>	<u>\$ (918,604)</u>

<b>BASIC AND DILUTED LOSS PER SHARE</b>	\$ (0.078)	\$ (0.10)
	<u>                    </u>	<u>                    </u>
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED</b>	13,847,118	9,533,290
	<u>                    </u>	<u>                    </u>



### ***Revenues***

Revenues from operations for the three months ended December 31, 2017, and December 31, 2016 were \$0 and \$0, respectively.

### ***Cost of Goods Sold***

Our cost of goods sold was \$0 and \$0 during the three months ended December 31, 2017, and December 31, 2016, respectively.

### ***Gross profit (Loss)***

Gross profit for the three months ended December 31, 2017, and December 31, 2016 was \$0 and \$0, respectively.

### ***Expenses***

Our operating expenses for the three months ended December 31, 2017 and December 31, 2016 were \$1,281,042 and \$548,785, respectively, representing an increase of \$732,257, or approximately 133%. The largest contributors to the increase in operating expenses were the increase in general and administrative expenses and consulting expenses.

General and administrative expenses for the three months ended December 31, 2017 and December 31, 2016 were \$668,231 and \$348,597, respectively, representing an increase of \$319,634, or approximately 92%. The increase in general and administrative expenses is primarily due to an increase in cash compensation to officers and increased legal expenses.

Research and Development expenses for the three months ended December 31, 2017 and December 31, 2016 were \$219,969 and \$13,787, respectively, representing an increase of \$206,182 or approximately 14.95%. The increase in research and development expenses is attributable to expenditures related to the development and studies for MCV and HIV studies.

Depreciation and amortization expenses for the three months ended December 31, 2017 and December 31, 2016 were \$3,954 and \$3,622, respectively, and are related to the amortization of patents.

Consulting expenses for the three months ended December 31, 2017 and December 31, 2016 were \$388,888 and \$182,779, respectively, representing an increase of \$206,109, or 113%. The increase in consulting expenses is primarily due to the consulting services provided under the RS Consulting Agreement.

### ***Other Income***

Other income (expense) net for the three months ended December 31, 2017 and December 31, 2016 was \$202,762 and \$(382,634), respectively representing an increase of \$585,396 or approximately 153%. The increase in other income is due to and gains on currency transactions and interest on related party loans.

### ***Net Loss***

Net loss for the three months ended December 31, 2017 was \$(1,076,346) or \$(0.08) per share compared to a net loss of \$(918,604) or \$(0.10) per share for the three months ended December 31, 2016, representing an increase in loss of \$157,742 or approximately 17%. The net increase in loss was primarily due to the increase in the general and administrative expense and consulting expense.

## Cash Flows

Cash used by operating activities for the three months ended December 31, 2017 and December 31, 2016 was \$371,157 and \$324,343, respectively, representing an increase of \$46,814, or approximately 14%. The net increase was primarily due to fund raising efforts of the Company and the operations of DanDrit Denmark.

## Results of Operations for the six months ended December 31, 2017 compared to the six months ended December 31, 2016

The following table sets forth our revenues, expenses and net income for the six months ended December 31, 2017 and December 31, 2016. The financial information below is derived from our unaudited condensed consolidated financial statements.

	For the Six Months Ended	
	December 31,	
	2017	2016
<b>Revenues</b>	\$ -	\$ -
<b>Cost of Goods Sold</b>	-	-
<b>Gross profit (Loss)</b>	-	-
<b>Operating Expenses</b>		
General and Administrative Expenses	956,947	553,548
Non-cash compensation expenses	112,837	626,487
Research and Development Expenses	373,621	30,891
Depreciation and Amortization	7,900	7,371
Consulting Expenses	456,098	182,779
Total Operating Expense	<u>1,907,403</u>	<u>1,401,076</u>
<b>(LOSS) FROM OPERATIONS</b>	<u>(1,907,403)</u>	<u>(1,401,076)</u>
<b>Other Income (Expense)</b>		
Interest (expense)	(62)	(3,213)
Interest (expense) – Related Party	(13,181)	(7,201)
Gain (Loss) on Currency Transactions	596,432	(353,617)
Interest and Other Income	14,928	-
Total Other Income (Expense)	<u>598,117</u>	<u>(364,031)</u>
<b>(Loss) Before Income Taxes</b>	<u>(1,309,286)</u>	<u>(1,765,107)</u>
<b>Income Tax Expense (Benefit)</b>	<u>(6,572)</u>	<u>(53,322)</u>
<b>NET (LOSS)</b>	<u>\$ (1,302,714)</u>	<u>\$ (1,711,785)</u>
<b>BASIC AND DILUTED LOSS PER SHARE</b>	<u>\$ (0.10)</u>	<u>\$ (0.18)</u>
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED</b>	<u>12,711,029</u>	<u>9,533,290</u>

## **Revenues**

Revenues from operations for the six months ended December 31, 2017, and December 31, 2016 were \$0 and \$0, respectively.

## **Cost of Goods Sold**

Our cost of goods sold was \$0 and \$0 during the six months ended December 31, 2017, and December 31, 2016, respectively.

## **Gross profit (Loss)**

Gross profit for the six months ended December 31, 2017, and December 31, 2016 was \$0 and \$0, respectively.

## **Expenses**

Our operating expenses for the six months ended December 31, 2017 and December 31, 2016 were \$1,907,403 and \$1,401,076, respectively, representing an increase of \$506,327, or approximately 36%. The largest contributor to the increase in operating expenses was the increase in general and administrative expenses.

General and administrative expenses for the six months ended December 31, 2017 and December 31, 2016 were \$956,947 and \$553,548, respectively, representing an increase of \$403,399, or approximately 73%. The increase in general and administrative expenses is primarily due to an increase in cash compensation to officers and increased legal expenses.

Research and Development expenses for the six months ended December 31, 2017 and December 31, 2016 were \$373,621 and \$30,891 respectively, representing an increase of \$342,730 or approximately 1,109%. The increase in research and development expenses is attributable to expenditures related to the development and studies for MCV and HIC studies.

Depreciation and amortization expenses for the six months ended December 31, 2017 and December 31 2016 were \$7,900 and \$7,371, respectively, and are related to the amortization of patents.

Consulting expenses for the six months ended December 31, 2017 and December 31, 2016 were \$456,098 and \$182,779, respectively, representing an increase of \$273,319, or 150%. The expenses in 2017 were primarily for medical consultancy services and the RS Consulting Agreement.

## **Other Income**

Other income (expense) net for the six months ended December 31, 2017 and December 31, 2016 was \$598,117 and \$(364,031), respectively, representing an increase of \$962,148 or approximately 264%. The increase in other income is due to and gains on currency transactions and interest on related party loans.

## **Net Loss**

Net loss for the six months ended December 31, 2017 was \$(1,302,714) or \$(0.10) per share compared to a net loss of \$(1,711,785) or \$(0.18) per share for the six months ended December 31, 2016, representing a decrease in loss of \$(409,071) or approximately 24%. The net decrease was primarily due to the decrease in the non-cash compensation expenses to offices and directors.

## **Cash Flows**

Cash used by operating activities for the six months ended December 31, 2017 was \$994,575, representing an increase of \$343,736, or approximately 53% compared to cash used by operating activities of \$650,839 for the six months ended December 31, 2016. 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, 2017 were \$7,827,106 compared to \$4,522,152 as of June 30, 2017. Total current liabilities increased to \$5,974,433 as of December 31, 2017 compared to \$2,989,418 as of June 30, 2017. The increases in total assets and increase in total current liabilities were primarily due additional capital fund raising efforts.



## **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**

Our Chief Executive Officer and Chief Financial Officer (the "Certifying Officers") are responsible for establishing and maintaining disclosure controls and procedures for the Company. The Certifying Officers have designed such disclosure controls and procedures to ensure that material information is made known to them, particularly during the period in which this Report was prepared.

The Certifying Officers are responsible for establishing and maintaining adequate internal control over financial reporting for the Company used the "Internal Control over Financial Reporting Integrated Framework" issued by Committee of Sponsoring Organizations ("COSO") to conduct an extensive review of the Company's "disclosure controls and procedures" (as defined in the Exchange Act, Rules 13a-15(e) and 15-d-15(e)) as of the end of each of the periods covered by this Report (the "Evaluation Date"). Based upon that evaluation, the Certifying Officers concluded that, as of December 31, 2017, our disclosure controls and procedures were not effective in ensuring that the information we were required to disclose in reports that we file or submit under the Securities and Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms. The deficiencies are attributed to the fact that the Company does not have adequate resources to address complex accounting issues, as well as an inadequate number of persons to whom it can segregate accounting tasks within the Company so as to ensure the segregation of duties between those persons who approve and issue payment from those persons who are responsible to record and reconcile such transactions within the Company's accounting system. These control deficiencies will be monitored and attention will be given to the matter as we continue to accelerate through our current growth stage.

The Certifying Officers based their conclusion on the fact that the Company has identified material weaknesses in controls over financial reporting, detailed below. In order to reduce the impact of these weaknesses to an acceptable level, the Company has contracted with consultants with expertise in U.S. GAAP and SEC financial reporting standards to review and compile all financial information prior to filing that information with the SEC. However, even with the added expertise of these consultants, we still expect to be deficient in our internal controls over disclosure and procedures until sufficient capital is available to hire the appropriate internal accounting staff and individuals with requisite GAAP and SEC financial reporting knowledge. There have

been no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

#### **Changes in Internal Controls**

There have been no changes in our internal controls over financial reporting during the six months ended December 31, 2017 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.

On December 29, 2017, the Company entered into an amendment to the CFO Service Agreement (the “Amendment”) with Robert Wolfe, the Chief Financial Officer of the Company. The Amendment provides that Mr. Wolfe will be paid a salary of \$240,000 per year, along with a \$7,500 signing fee and full health care benefits.

## Item 6. Exhibits.

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

Exhibit No.	Description
4.1*	<a href="#">Form of Grant Warrant</a>
10.1	<a href="#">Form of Subscription Agreement (4)</a>
10.2*	<a href="#">RS Consulting Agreement</a>
10.4*	<a href="#">Amendment to CFO Service Agreement</a>
10.5*	<a href="#">Form of Convertible Note Amendment</a>
10.6	<a href="#">Lease agreement, November 13, 2017 (5)</a>
10.7	<a href="#">Enochian Merger Agreement, January 12, 2018 (6)</a>
31.1*	<a href="#">Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934</a>
31.2*	<a href="#">Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934</a>
32.1**	<a href="#">Certification of Chief Executive Officer pursuant to Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350</a>
32.2**	<a href="#">Certification of Chief Financial Officer pursuant to Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350</a>
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*

\* Filed herewith.

\*\* Furnished herewith.

- (1) Filed as an exhibit to the Company's registration statement on Form S-1 filed with the SEC on February 14, 2014.
- (2) Filed as an exhibit to the Company's Form 10 filed with the SEC on August 12, 2011 and incorporated herein by reference.
- (3) Filed as an exhibit to the Company's Current Report on Form 8-K, as filed with the SEC on May 16, 2014, and incorporated herein by this reference.
- (4) Filed as an exhibit to the Company's Form 8-K filed with the SEC on May 1, 2017 and incorporated herein by reference.
- (5) Filed as an exhibit to the Company's Form 8-K filed with the SEC on November 15, 2017 and incorporated herein by reference.
- (6) Filed as an exhibit to the Company's Form 8-K filed with the SEC on January 17, 2018 and incorporated herein by reference.



**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) 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.

Date: February 9, 2018

**DANDRIT BIOTECH USA, INC.**

By: /s/ Eric Leire

Eric Leire  
Chief Executive Officer  
(Principal Executive Officer)

By: /s/ Robert Wolfe

Robert Wolfe  
Chief Financial Officer  
(Principal Financial and Accounting Officer)