

# PATRYS LIMITED

(ABN 97 123 055 363)

## MANAGING DIRECTOR'S REPORT

Patrys Limited is a biotechnology company focused on the development of natural human antibody-based therapies for the treatment of life threatening diseases including cancer. Human antibodies are molecules made by the body to fight disease and the Company has proprietary technologies and capabilities that are focused on the capture of such antibodies, their production and their ultimate deployment as potential treatments for many significant human diseases.

The Directors of Patrys Limited are pleased to announce the following achievements for the period from incorporation on 8 December 2006 to 30 June 2007 (more details of which are set forth in the Patrys Limited Prospectus that was lodged on 8 June 2007, and which can be obtained at [www.patrys.com](http://www.patrys.com)):

**Merger of World Leading Natural Human Antibody Technologies and Pipelines:** The successful combination under Patrys Limited of the key assets and technologies of OncoMab GmbH and Acceptys, Inc., enabling Patrys to become the world's leader in natural human antibody development in cancer and other indications.

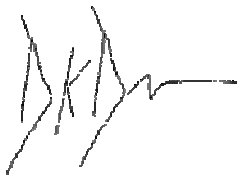
**Establishment of Management Team:** Patrys has finalized the establishment of the Patrys senior management team, including the appointment of Daniel Devine as Chief Executive Officer; Dr. Vic Ilag as Chief Operating Officer; Dr. Paul Andrews as Vice President, Research and Development; Dr. Frank Hensel, as Managing Director of the Company's German-based research operation; and Mr. Kevin Hollingsworth, as Chief Financial Officer.

**Initial Public Offering:** On July 13, 2007, Patrys Limited was listed on the Australia Stock Exchange following the completion of an IPO that raised \$25 million (before listing fees). The funds raised from the IPO are intended to be used to advance Patrys Limited's pipeline of anti-cancer natural human antibody therapeutic candidates. Most notably, the funds will be used to advance the Company's two lead internal candidates through the end of proof-of-concept human clinical trials.

**Clinical Advisory Board:** As outlined in the Patrys Limited Prospectus, Patrys has established a world-leading team of clinical advisors from both Australia and the United States, who are respected internationally for their contributions to the clinical development of important antibody and other therapeutics in the area of cancer.

**Takeda Investment:** The investment in Patrys by Takada Research Investment of a combined US \$1,500,000.

**Takeda Collaboration:** In addition, the election by Takeda Pharmaceutical Company to advance 3 of Patrys Limited's product candidates under a broad collaboration between the parties.



Daniel Devine  
Managing Director

# **PATRY'S LIMITED**

**(ABN 97 123 055 363)**

## **APPENDIX 4E**

### **PRELIMINARY FINANCIAL REPORT**

**YEAR ENDED 30 JUNE 2007**

---

## **CONTENTS**

---

<b>Appendix 4E</b>	<b>4</b>
<b>Income Statement</b>	<b>7</b>
<b>Statement of Changes in Equity</b>	<b>8</b>
<b>Condensed Balance Sheet</b>	<b>9</b>
<b>Condensed Cash Flows Statement</b>	<b>10</b>
<b>Notes to the Financial Statements</b>	<b>11</b>

**APPENDIX 4E**  
**Preliminary Final Report to the Australian Stock Exchange**

<b>Name of Entity</b>	Patrys Limited
<b>ABN</b>	(ABN 97 123 055 363)
<b>Year Ended</b>	30 June 2007
<b>Previous Corresponding Reporting Period</b>	The Company was incorporated on 8 December 2006 and accordingly there is no corresponding period.

**Results for Announcement to the Market**

	\$	Percentage increase /(decrease) over previous corresponding period
<b>Revenue from continuing activities</b>	59,880	N/A
<b>(Loss) from continuing activities after tax attributable to members</b>	(1,649,116)	N/A
<b>Net (loss) for the period attributable to members</b>	(1,649,116)	N/A
<b>Dividends (distributions)</b>	<b>Amount per security</b>	<b>Franked amount per security</b>
<b>Final Dividend</b>	N/A	N/A
<b>Interim Dividend</b>	N/A	N/A
<b>Record date for determining entitlements to the dividends (if any)</b>	N/A	
<b>Brief explanation of any of the figures reported above necessary to enable the figures to be understood:</b>		
For an explanation of results from continuing operations, see commentary included in Managing Director's Report accompanying the preliminary final report.		

## Dividends

<b>Date the dividend is payable</b>	N/A
<b>Record date to determine entitlement to the dividend</b>	N/A
<b>Amount per security</b>	N/A
<b>Total dividend</b>	N/A
<b>Amount per security of foreign sourced dividend or distribution</b>	N/A
<b>Details of any dividend reinvestment plans in operation</b>	N/A
<b>The last date for receipt of an election notice for participation in any dividend reinvestment plans</b>	N/A

## NTA Backing

	<b>Current Period</b>	<b>Previous corresponding period</b>
<b>Net tangible asset backing per ordinary security (cents per share)</b>	1.3cents	N/A

## Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	N/A
Date control gained	N/A
Profit / (loss) from ordinary activities after tax of the controlled entity since the date in the current period on which control was acquired.	N/A
Profit / (loss) from ordinary activities after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period.	N/A

## Loss of Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	N/A
---------------------------------------	-----

## Details of Associates and Joint Venture Entities

Name of Entity (or group of entities)	N/A
---------------------------------------	-----

## Foreign Entities Accounting Framework


For foreign entities provide details of which accounting standards have been adopted (e.g. International Accounting Standards) N/A
---

## Audit/Review Status

<b>This report is based on accounts to which one of the following applies:</b> (Tick one)			
The accounts have been audited	<input type="checkbox"/>	The accounts are in the process of being audited	<input checked="" type="checkbox"/>
<b>If the accounts are subject to audit dispute or qualification, a description of the dispute or qualification:</b> N/A			

**Attachments Forming Part of Appendix 4E**

<b>Attachment #</b>	<b>Details</b>
1	Income Statement
2	Statement of Changes in Equity
3	Condensed Balance Sheet
4	Condensed Cash Flow Statement
5	Notes to the Preliminary Final Report

<b>Signed By (Director/Company Secretary)</b>	
<b>Print Name</b>	Mr. Kevin Hollingsworth
<b>Date</b>	30 August 2007

**PATRY'S LIMITED**  
**ABN 97 123 055 363**  
**INCOME STATEMENT**  
**FOR THE PERIOD FROM 8 DECEMBER 2006 TO 30 JUNE 2007**

	Note	Consolidated 2007 \$	Parent Entity 2007 \$
Revenues from continuing operations	2 a	59,880	58,956
Expenses from continuing operations			
Research & development		(533,268)	(544,565)
Management & administration		(684,682)	(652,591)
Employee benefits expense		(470,702)	(470,702)
Finance costs		(15,576)	(15,576)
Total expenses from continuing operations	2 b	(1,704,228)	(1,683,434)
Loss before tax		(1,644,348)	(1,624,478)
Income tax (expense)/benefit		(4,768)	-
Loss for the period from continuing operations		(1,649,116)	(1,624,478)
Loss attributable to members of the company		(1,649,116)	(1,624,478)
<b>Earnings per share:</b>			
Basic earnings per share - from continuing operations		(2.21c)	
Basic diluted earnings per share - from continuing operations		(2.21c)	

The accompanying notes form part of these financial statements.

**PATRY'S LIMITED**  
**ABN 97 123 055 363**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD FROM 8 DECEMBER 2006 TO 30 JUNE 2007**

	Fully paid ordinary shares	Fully paid Series 1 preference share	Fully paid series 2 preference shares	Total Issued Capital	Accumulated Losses	Other Reserves	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Consolidated</b>							
Balance at beginning of period	-	-	-	-	-	-	-
Issued Capital	1,000,127	1,786,400	4,205,108	6,991,635	-	-	6,991,635
Transaction costs related to shares issued	(246,828)	-	(177,788)	(424,616)	-	-	(424,616)
Loss for the year	-	-	-	-	(1,649,116)	-	(1,649,116)
Translation currency differences	-	-	-	-	-	(886)	(886)
Cost of share based payment	-	-	-	-	-	82,054	82,054
At 30 June 2007	753,299	1,786,400	4,027,320	6,567,019	(1,649,116)	81,168	4,999,071
<b>Parent Entity</b>							
Balance at beginning of period	-	-	-	-	-	-	-
Issued Capital	1,000,127	1,786,400	4,205,108	6,991,635	-	-	6,991,635
Transaction costs related to shares issued	(246,828)	-	(177,788)	(424,616)	-	-	(424,616)
Loss for the year	-	-	-	-	(1,624,478)	-	(1,624,478)
Translation currency differences	-	-	-	-	-	-	-
Cost of share based payment	-	-	-	-	-	82,054	82,054
At 30 June 2007	753,299	1,786,400	4,027,320	6,567,019	(1,624,478)	82,054	5,024,595

The accompanying notes form part of these financial statements.

**PATRY'S LIMITED**  
**ABN 97 123 055 363**  
**BALANCE SHEET**  
**AS AT 30 JUNE 2007**

	<b>Consolidated</b>	<b>Parent Entity</b>
	<b>2007</b>	<b>2007</b>
<b>Note</b>	<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>		
Cash & cash equivalents	2,321,607	1,845,940
Trade & other receivables	1,237	1,237
Deferred capital raising costs	344,763	344,763
Other	37,561	31,240
<b>TOTAL CURRENT ASSETS</b>	<b>2,705,168</b>	<b>2,223,180</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	58,776	2,503
Other financial assets	1,029,980	1,373,809
Intangible assets	3,560,788	3,560,788
<b>TOTAL NON-CURRENT ASSETS</b>	<b>4,649,544</b>	<b>4,937,100</b>
<b>TOTAL ASSETS</b>	<b>7,354,712</b>	<b>7,160,280</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	1,105,942	974,356
Borrowings	1,034,415	946,045
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,140,357</b>	<b>1,920,401</b>
<b>NON CURRENT LIABILITIES</b>		
Trade and other payables	215,284	215,284
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>215,284</b>	<b>215,284</b>
<b>TOTAL LIABILITIES</b>	<b>2,355,641</b>	<b>2,135,685</b>
<b>NET ASSETS</b>	<b>4,999,071</b>	<b>5,024,595</b>
<b>EQUITY</b>		
Issued capital	3 6,567,019	6,567,019
Reserves	4 81,168	82,054
Accumulated losses	4 (1,649,116)	(1,624,478)
<b>TOTAL EQUITY</b>	<b>4,999,071</b>	<b>5,024,595</b>

The accompanying notes form part of these financial statements.

**PATRY'S LIMITED**  
**ABN 97 123 055 363**  
**CASH FLOW STATEMENT**  
**FOR THE PERIOD FROM 8 DECEMBER 2006 TO 30 JUNE 2007**

	<b>Consolidated</b>	<b>Parent Entity</b>
	<b>2007</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(1,124,548)	(1,226,467)
Interest received	59,880	58,956
Net cash used in operating activities	<u>(1,064,668)</u>	<u>(1,167,511)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant & equipment	(61,124)	(2,635)
Payments for intangible assets	(1,778,406)	(1,778,406)
Investment in subsidiaries	-	(41,750)
Investment in preferred stock of Acceptys Inc.	(1,029,980)	(1,029,980)
Loan to subsidiary companies	-	(302,079)
Net cash used in investing activities	<u>(2,869,510)</u>	<u>(3,154,850)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net proceeds from issue of shares	5,991,635	5,991,635
Payment for share issue expenses	(769,379)	(769,379)
Proceeds from borrowings	1,034,415	946,045
Net cash provided by financing activities	<u>6,256,671</u>	<u>6,168,301</u>
Net increase in cash and cash equivalents	2,322,493	1,845,940
Effects of exchange rate changes on the balance of cash held in foreign currencies	(886)	-
Cash & cash equivalent at beginning of year	-	-
Cash & cash equivalent at end of year	<u>2,321,607</u>	<u>1,845,940</u>

The accompanying notes form part of these financial statements

**PATRYS LIMITED**  
**ABN 97 123 055 363**

**NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS**

**For the period from 8 December 2006 to 30 June 2007**

**NOTE 1 BASIS OF PREPARATION**

The company's preliminary financial report does not include all of the notes of the type normally included in an annual financial report. The preliminary financial report has been prepared in accordance with the recognition and measurement requirements, but not all disclosure requirements, of Australian Accounting Standards, Urgent Issues Group Interpretations and the Corporation Act 2001. Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards.

Patrys was incorporated in Australia as a proprietary limited company on 8 December 2006 and accordingly only current year figures covering the period from incorporation to 30 June 2007 are shown. Patrys is the parent entity of Patrys GmbH, which is a wholly owned subsidiary company incorporated in Germany and Patrys Inc, which is a wholly owned subsidiary company incorporated in the United States of America. On 20 April 2007, Patrys converted into a public company and listed on the Australian Stock Exchange on 13 July 2007.

The preliminary financial report is presented in Australian dollars.

Significant accounting policies adopted in preparation of the preliminary financial report are consistent with those adopted by the company in preparation of the historical and pro-forma financial information and disclosed in the company's prospectus dated 8 June 2007.

**NOTE 2: REVENUE AND EXPENSES FROM CONTINUING OPERATIONS**

	Note	Consolidated \$	Parent Entity \$
<b>(a) Revenue</b>			
Interest received – Bank deposits		59,880	58,956
Total Revenue from continuing operations		59,880	58,956
<b>(b) Expenses</b>			
Employee Benefit Expenses			
Salary and employee benefit expenses		386,652	386,652
Defined contribution superannuation expenses		1,996	1,996
Expenses of share based payments		82,054	82,054
Total Employee Benefit Expenses		470,702	470,702
Depreciation and amortization of non-current assets:			
Plant and equipment		2,348	132
License and registered patents		50,439	50,439
Total depreciation and amortization		52,787	50,571

**PATRY'S LIMITED**  
**ABN 97 123 055 363**  
**NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 8 DECEMBER 2006 TO 30 JUNE 2007**

**Note 3: CONTRIBUTED EQUITY**

Movements in contributed equity during the year were as follows: -

<b>Issued Shares</b>	<b>No. of Shares</b>	<b>\$</b>
At the beginning of the reporting period	-	-
20,925,000 ordinary shares issued on incorporation	20,925,000	127
20,925,000 ordinary shares for acquisition of intellectual property	20,250,000	1,000,000
26,325,000 fully paid Series 1 preference shares which converted to ordinary shares on completion of ASX listing	26,325,000	1,786,400
18,380,475 fully paid Series 2 preference shares which converted to ordinary shares on completion of ASX listing	18,380,475	4,205,108
Transaction costs arising on issue of shares		(424,616)
At end of the reporting period	<u>85,880,475</u>	<u>6,567,019</u>

Effective from 1 July 1998, the Corporations legislation in place abolished the concept of authorized capital and par value. Accordingly the company does not have authorized capital nor par value in respect of its issued shares.

**PATRY'S LIMITED**  
**ABN 97 123 055 363**  
**NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 8 DECEMBER 2006 TO 30 JUNE 2007**

**NOTE 4: RESERVES AND ACCUMULATED LOSSES**

	<b>Consolidated</b>	<b>Parent Entity</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Reserves</b>		
Options Reserve	82,054	82,054
Foreign currency translation reserve	(886)	-
	81,168	82,054
<b>Movements:</b>		
The options reserve records equity settled employee benefits arising on the grant of share options to directors and executives. Amounts are transferred out of reserves and into issued capital when the options are exercised.		
Options Reserve		
Balance 8 December 2006	-	-
Share based payment	82,054	82,054
Balance 30 June 2007	82,054	82,054
Exchange differences relating to the translation from functional currencies of the Group's foreign controlled entities into Australian Dollars are brought to account by entries made directly to the foreign currency translation reserve.		
Foreign Currency Translation Reserve		
Balance 8 December 2006	-	-
Net adjustment arising from the translation of foreign controlled entities' financial statements	(886)	-
Balance 30 June	( 886)	-
<b>(b) Accumulated Losses</b>		
Opening balance	-	-
Net (loss) for the year	(1,649,116)	(1,624,478)
Balance 30 June	(1,649,116)	(1,624,478)

**PATRYS LIMITED**  
**ABN 97 123 055 363**  
**NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 8 DECEMBER 2006 TO 30 JUNE 2007**

**NOTE 5. EVENTS AFTER BALANCE SHEET DATE**

On 13 July 2007, Patrys closed its offer under the prospectus dated 8 June 2007 over subscribed and raised \$25,000,000 by issuing 62,500,000 shares at \$0.40 per share. Patrys subsequently listed on the ASX on 13 July 2007.

Subsequent to balance date and the listing of Patrys on the ASX, Patrys issued in aggregate 4,471,000 fully paid ordinary shares to Takeda Research Investment, Inc (Takeda) at an issue price of 40c each, being – 2,250,225 shares to retire a loan previously made by Takeda to the Company (plus accrued interest) and 2,220,775 shares in consideration of the further subscription by Takeda of US\$750,000 (as detailed in the Prospectus)

On completion of the share offer and allotment of ordinary shares, 26,325,000 fully paid Series 1 preference shares converted to 26,325,000 fully paid ordinary shares and 18,380,475 fully paid Series 2 preference shares converted to 18,380,475 fully paid ordinary shares

The total number of shares now on issue after the transactions above is 152,851,475 fully paid ordinary shares.

No other matters or circumstance have arisen since 30 June 2007 that has significantly affected or may significantly affect: -

- Patrys Limited's operations in future financial years, or
- the results of those operations in future financial years, or
- Patrys Limited's state of affairs in future years.