

Appendix 4D

PATRY'S LIMITED

ABN 97 123 055 363

Half year report

Current reporting period
Previous corresponding period

Half year ended 31 December 2007
Half year ended 31 December 2006

Results for announcement to the market

AS'000

Revenues from ordinary activities	Up	% to	766
Loss from ordinary activities after tax attributable to members	Up	% to	(2,719)
Net loss for the period attributable to members	Up	% to	(2,719)

EXPLANATION			
Dividends (distributions)	Amount per security	Franked amount per security	
Interim dividend	NIL	NIL	
Previous corresponding period	NIL	NIL	
Record date for determining entitlements to the dividend	N/A		
	2007		2006
Net tangible asset per security	15.63c		0.29c
Control gained over entities having material effect			
N/A			
Loss of control of entities having material effect			
N/A			
Details of aggregate share of profit (loss) of associated and joint venture entities			
N/A			
This report is based on:			
The accounts have been subject to review			

Appendix 4D

PATRY'S LIMITED

ABN 97 123 055 363

Half year report

Half year ended 31 December 2007

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This half year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2007 and any public announcements made by Patrys Limited during the half year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the Australian Stock Exchange.

PATRYS LIMITED AND CONTROLLED ENTITIES
ABN 97 123 055 363

DIRECTORS' REPORT

DIRECTORS REPORT

The Board of Directors of Patrys Limited ("Patrys" or "Company") has resolved to submit the following report together with the financial statements of the company and its wholly owned subsidiaries ("economic entity") for the half year ended 31 December 2007.

1. Directors

The names of the Directors of the Company in office at any time during or since the end of the half year are:

Mr. John Read (Non Executive Chairman)

Mr. Dan Devine (Executive Director and Chief Executive Officer)

Mr. Michael Stork (Non Executive Director and Deputy Chairman)

Mr. Alan Robertson (Non Executive Director)

2. Review of Operations

Patrys Limited is focused on developing natural human antibodies for the treatment of cancer and other major diseases. The Company's primary focus is on advancing two natural human antibodies, PAT-LM1 and PAT-SM6, through first-in-human trials. In addition, Patrys has business collaborations that allow the Company to benefit from the advancement of additional products by industry leaders such as Takeda Pharmaceutical Company and AstraZeneca.

In the six months ended 31 December 2007, in the wake of a very successful 13 July 2007 IPO, the directors are pleased with the progress made by Patrys:

- The advancement of our lead products toward first-in-human clinical trials
- Expansion of lead product pipeline and success in preclinical studies
- Strengthening of Takeda and AstraZeneca product transactions
- Building on our already strong intellectual property portfolio
- Building on R&D capabilities and senior management team

Advancement of lead products toward first-in-human clinical trials

Patrys' primary focus is on the advancement of its two lead product candidates (PAT-LM1 and PAT-SM6) to first-in-human clinical trials for the treatment of cancer. During the half-year ending 31 December 2007, important advances in the effort were successfully completed:

During August 2007, Patrys was able to present its most recent data and clinical development plans for PAT-LM1 and PAT-SM6 to two prestigious groups of clinical oncologists, first in the United States, and then in Australia. Significant positive outcomes from both meetings included (i) the receipt of unanimous support for the clinical development of natural human antibodies PAT-LM1 and PAT-SM6 for the treatment of cancer; (ii) the prioritisation of cancer indications on which Patrys will focus its early clinical trials, including a specific focus on advanced refractory cancer patient populations; and (iii) a further defined plan for conducting our first human clinical trials in Australia.

In addition to successful outcomes from the planning sessions with our clinical experts, Patrys completed non-clinical safety assessment plans for PAT-LM1 and PAT-SM6, which remain on track to be initiated during the second calendar quarter of 2008. These studies are necessary to obtain regulatory authority to initiate human trials. These achievements, coupled with the recent initiation of large-scale manufacturing of our lead products for clinical trials, means Patrys remains on track to generate data from first-in-human clinical trials by October of 2009.

Finally, Patrys has completed additional preclinical experiments with its lead products, the results of which show added promise of such antibodies in melanoma and residual disease (colon cancer metastases).

Expansion of lead product pipeline and successful results from preclinical studies

Pipeline expansion. Patrys has recently advanced two additional natural human antibodies to lead status (PAT-BA3 and PAT-BA4. In addition to their functional characteristics, both of these new lead products are "IgG" type

antibodies, validating that the Company's underlying technology platform can capture the full repertoire of the natural human antibodies that the body makes to fight cancer.

Melanoma application. In the first melanoma tests conducted by Patrys, several lead products, particularly PAT-SM6, have been shown to selectively kill melanoma cells, opening up a new disease application for the Company's pipeline.

Lead candidates generate positive data against metastases. Several of the Company's lead products have shown positive activity in multiple animal experiments against colon and gastric cancer metastases. These results provide a strong basis for focusing clinical development on advanced refractory cancer patient populations, for which no effective treatments are available.

Strengthening of Takeda and AstraZeneca product transactions

Under a collaboration with Takeda Pharmaceutical Company, during the period covered by this report Takeda elected to evaluate five (5) Patrys antibodies: PAT-NM2, PAT-PM2, PAT-BA1, PAT-BA3 and PAT-BA4. Takeda's option to evaluate any additional antibodies terminated in September 2007, so no additional antibodies will be subject to this collaboration. In November 2007, Takeda initiated testing and evaluation activities with respect to the five chosen antibodies in Takeda's Osaka, Japan R&D center. Takeda has until November 2008 to complete its evaluation, at which time Takeda has a time-limited right to negotiate a license for any of such antibodies with Patrys. The Company retains all intellectual property rights to the antibodies subject to the collaboration with Takeda.

In addition to expanding its relationship with Takeda, during the half-year ending 31 December 2007, Patrys signed a contract with AstraZeneca (AZ) (AZ has the rights to develop PAT-SC1), pursuant to which Patrys will play a greater supporting role in AZ's efforts to develop and commercialise PAT-SC1.

Building on an already strong intellectual property portfolio

Patrys has over 40 patent and patent applications, covering 12 lead products and technologies. During the period covered by this report, Patrys further expanded this portfolio by filing patent applications to cover the following intellectual property:

- *PAT-BA3 lead product candidate* (provisional patent application), with data showing this antibody's ability to selectively bind to and kill cancer cells while not binding to normal tissues tested.
- *PAT-BA4 lead product candidate* (provisional patent application), with data showing this antibody's ability to selectively bind to and kill cancer cells while not binding to normal tissues tested. GRP78 (formal patent application as follow-up on previously filed provisional patent application). GRP78 is the target on the surface of cancer cells against which lead product PAT-SM6 is directed. The GRP78 target discovered by Patrys has been shown to be present only on cancer cells, and not healthy tissues, and has been shown by independent labs to play an important role in tumour cell survival and a tumours ability to resist chemotherapy. As a result of these third party findings, and Patrys new data, GRP78 represents a very valuable and novel cancer target for antibody therapeutics.
- *PAT-PM2 application in residual disease* (provisional patent application), including statistically significant data showing PAT-PM2's ability to reduce metastases in an animal model of human cancer.

Patrys remains committed to further strengthen and expand its patent portfolio through the aggressive execution of existing applications, and through the generation of new discoveries through its expanded Australian and German R&D centers.

Building on R&D capabilities and senior management team

During the half-year following our IPO in July 2007, the Company expanded its primary R&D center in Germany, both in terms of number of scientists and infrastructure. This German group will continue to be responsible for antibody generation and characterisation, target discovery, and manufacturing of antibodies for research.

In October 2007, Patrys established a new molecular biology/recombinant antibody group in Melbourne, which will be focused on developing additional forms of our antibodies without changing their human composition or their specific anti-cancer activity. This opens up a number of opportunities for developing diagnostics, second generation products and other useful assets, all emanating from our existing asset base.

In the 4Q CY07, the Company added two additional senior managers. Michael Conner has joined Patrys as Vice President, Manufacturing. Mr. Conner joined Patrys from ImClone, a world-leading antibody company, where Mr. Conner headed ImClone's GMP-compliant antibody manufacturing facility. In addition, Kris Blader joined Patrys as Vice President, Business Development. Kris brings with her extensive experience in the biotechnology and pharmaceutical industries, including key functions held at ImClone, GSK and other large companies.

Financial and treasury activities

The Financial Results of the Company for the six months ended 31 December are summarised as follows:

- On a consolidated basis the Company produced a loss from ordinary activities before income tax of \$2,711,950. The net loss after tax was \$2,719,349. Before interest, tax, depreciation and amortisation the net loss for the same period was \$3,359,243.

- Research and Development costs of \$2,043,757 have been expensed in the period in which they have been incurred. Management and Administration costs contribute a further \$1,432,338 to expenses from continuing operations. The expenses shown in the accounts are consistent with the budget expectations forecast for the activities performed in each of the Australian and Overseas locations.
- US Subsidiary Results: The operating results for the half year attributable to Patrys, Inc., a 100 percent owned operating subsidiary, show a net loss of \$805,687 before interest, tax, depreciation and amortisation.
- European Subsidiary Results: The operating results for the half year relating to Patrys GmbH, a 100 percent owned operating subsidiary, show a net profit after tax of \$17,762, attributable to income earned by Patrys GmbH for services provided to the Company. The profit before interest, tax, depreciation and amortisation was \$32,740.
- The Company's Cash and Term Deposits remain strong at \$22,464,389.

3. Events subsequent to 31 December 2007

The following advances have been made during the period commencing on 31 December 2007 and ending on the date of this report:

- In February of 2007, Patrys initiated large-scale manufacturing for both PAT-LM1 and PAT-SM6 at AppTec, its chosen contract manufacturing firm located in Philadelphia, Pennsylvania (US). This function will be managed by Michael Conner, Patrys' Vice President, Manufacturing. AppTec is a well respected manufacturing firm that has produced antibodies for other companies in accordance with all applicable U.S. Food and Drug Administration regulations. The financial cost of this contractual commitment is within the budget anticipated and reflected in the Company's Prospectus dated 8 June 2007.
- In February 2007, Patrys filed a provisional patent application based on data that shows when one combines more than two of Patrys' lead antibodies, the result is either a synergistic or in some cases an additive ability to kill cancer cells (versus individual antibodies) in laboratory tests. The ability to combine its individually promising natural human antibodies into a "cocktail" is made possible largely because of the cancer-specific nature of the Company's antibodies (i.e., the antibodies do not attack healthy tissues in tests completed to date, so there is little risk of a corresponding "additive" adverse side effect). In contrast, all antibodies on the market and most in development by other companies react to both cancer and healthy tissues, and therefore could lead to higher risk of significant, negative side effects were one to combine those unspecific antibodies into a cocktail therapy.
- Acceptys, Inc., in which Patrys holds a substantial preferred equity interest, announced a research collaboration with Seattle Biomedical Research Institute (SBRI), pursuant to which SBRI will deploy considerable resources for the discovery and advancement of anti-Malaria vaccines. SBRI will utilise the natural human antibody capture and production technologies of Acceptys (which are licensed by Acceptys from Patrys) as part of this program, and Acceptys gains exclusive ownership rights to any promising antibodies discovered by SBRI.
- No subsequent event to the date of this report has a material impact on the financial forecasts of the company.

4. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 accompanies this report.

Signed in accordance with a resolution of the Board of Directors dated 27 February 2008.

John Beall
Non-Executive Chairman



Chartered Accountants
& Business Advisers

27 February 2008

Board of Directors
Patrys Limited
Level 2
517 Flinders Lane
MELBOURNE VIC 3000

Dear Directors

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of Patrys Limited for the half-year ended 31 December 2007, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

Yours sincerely
PKF

D J Garvey
Partner

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PATRY'S LIMITED AND CONTROLLED ENTITIES
ABN 97 123 055 363

CONSOLIDATED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Note	Half-year	
		31 December	31 December
		2007	2006
		\$	\$
Revenue from continuing operations	2	765,683	-
Expense from continuing operations			
Research & development		(2,043,757)	-
Management & administration		(1,432,338)	(17)
Interest costs		(1,538)	-
Total expenses from continuing operations		<u>(3,477,633)</u>	<u>(17)</u>
Loss from continuing operations before tax		(2,711,950)	(17)
Income tax expense		(7,399)	-
Loss for the period from continuing operations after income tax		<u>(2,719,349)</u>	<u>(17)</u>
Loss attributable to members of the company		<u>(2,719,349)</u>	<u>(17)</u>
Earnings per share:			
Basic earnings per share (cents per share)		(1.83)c	0.c
Basic diluted earnings per share (cents per share)		(1.83)c	0.c

The above consolidated income statement should be read in conjunction with the accompanying notes.

PATRY'S LIMITED AND CONTROLLED ENTITIES
ABN 97 123 055 363

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2007

	Note	31 December 2007 \$	30 June 2007 \$
CURRENT ASSETS			
Cash and cash equivalents		22,464,389	2,321,607
Trade and other receivables		24,568	1,237
Deferred capital raising costs		-	344,763
Other		23,427	37,561
TOTAL CURRENT ASSETS		22,512,384	2,705,168
NON-CURRENT ASSETS			
Property, plant and equipment		486,602	58,776
Other financial assets		1,643,248	1,029,980
Intangible assets		3,639,174	3,560,788
TOTAL NON-CURRENT ASSETS		5,769,024	4,649,544
TOTAL ASSETS		28,281,408	7,354,712
CURRENT LIABILITIES			
Trade and other payables		378,218	1,105,942
Borrowings		336,279	1,034,415
TOTAL CURRENT LIABILITIES		714,497	2,140,357
NON-CURRENT LIABILITIES			
Borrowings		29,594	215,284
TOTAL NON-CURRENT LIABILITIES		29,594	215,284
TOTAL LIABILITIES		744,091	2,355,641
NET ASSETS		27,537,317	4,999,071
EQUITY			
Contributed equity	5	31,580,827	6,567,019
Reserves	6	324,955	81,168
Accumulated Losses	7	(4,368,465)	(1,649,116)
TOTAL EQUITY		27,537,317	4,999,071

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

PATRY'S LIMITED AND CONTROLLED ENTITIES
ABN 97 123 055 363

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 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
2007	\$	\$	\$	\$	\$	\$	\$
Consolidated							
Balance at beginning of period	753,299	1,786,400	4,027,320	6,567,019	(1,649,116)	81,168	4,999,071
Issued Capital	32,827,401	(1,786,400)	(4,027,320)	27,013,681	-	-	27,013,681
Transaction costs related to shares issued	(1,999,873)	-	-	(1,999,873)	-	-	(1,999,873)
Loss for the period	-	-	-	-	(2,719,349)	-	(2,719,349)
Translation currency differences	-	-	-	-	-	15,019	15,019
Cost of share based payment	-	-	-	-	-	228,768	228,768
At 31 December 2007	<u>31,580,827</u>	<u>-</u>	<u>-</u>	<u>31,580,827</u>	<u>(4,368,465)</u>	<u>324,955</u>	<u>27,537,317</u>
2006							
Consolidated							
Balance at beginning of period	-	-	-	-	-	-	-
Issued Capital	1,000,127	100,000	-	1,100,127	-	-	1,100,127
Transaction costs related to shares issued	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	(17)	-	(17)
Translation currency differences	-	-	-	-	-	-	-
Cost of share based payment	-	-	-	-	-	-	-
At 31 December 2006	<u>1,000,127</u>	<u>100,000</u>	<u>-</u>	<u>1,100,127</u>	<u>(17)</u>	<u>-</u>	<u>1,100,110</u>

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

PATRY'S LIMITED AND CONTROLLED ENTITIES
ABN 97 123 055 363

CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Half-year	
	31 December	31 December
	2007	2006
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees (inclusive of goods and services tax)	(3,224,700)	(673)
Interest received	765,683	-
Net cash flows used in operating activities	<u>(2,459,017)</u>	<u>(673)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for other financial assets	(613,268)	-
Investment in patents and licences	(184,085)	-
Purchase of property, plant and equipment	(446,378)	-
Net cash flows used in investing activities	<u>(1,243,731)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	26,234,611	100,000
Payment of share issue costs	(1,822,085)	-
Repayment of borrowings	(564,141)	-
Net cash flows from financing activities	<u>23,848,385</u>	<u>100,000</u>
Net increase in cash held	20,145,637	99,327
Cash and cash equivalents at beginning of the half-year	2,321,607	-
Effect of exchange rates on cash holdings in foreign currencies	(2,855)	-
Cash and cash equivalents at end of the half-year	<u>22,464,389</u>	<u>99,327</u>

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

PATRYS LIMITED AND CONTROLLED ENTITIES
ABN 97 123 055 363

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

NOTE 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The financial report of Patrys Limited for the half year ended 31 December 2007 was authorised for issue in accordance with a resolution of the directors on [XX February 2007]. Patrys Limited is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Stock Exchange. The nature of the operations and the principal activities of the Group are described in Note 3.

This general purpose financial report for the half-year reporting period ended 31 December 2007 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2007 and any public announcements made by Patrys Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

NOTE 2: REVENUE FROM CONTINUING OPERATIONS	31 December 2007 \$	Half-year 31 December 2006 \$
Other Income		
Interest revenue	765,683	-
Closing Balance	765,683	-

NOTE 3: SEGMENT INFORMATION

(a) Description of segments

Total

The company operates in two business segments, being commercialisation and investment in research and development companies.

Geographical segments

The company predominantly operates in three geographical areas, being Australia, Germany and USA.

(b) Primary reporting format – business segments

2007	Research & Development	Investment	Corporate	Total
Revenue from continuing operations	-	-	765,683	765,683
RESULT				
Segment result – continuing operations	(2,043,757)	-	(675,592)	(2,719,349)
Net profit/(Loss) after income tax expense	(2,043,757)	-	(675,592)	(2,719,349)
Segment Assets	4,013,260	1,643,248	22,624,900	28,281,408
Segment liabilities	357,050	-	387,041	744,091
Acquisition of property, plant and equipment and intangible assets	334,129	-	112,249	446,378
Carrying value of other financial assets	-	1,643,248	-	1,643,248
Depreciation	16,316	-	2,236	18,552
Amortisation	105,699	-	-	105,699
Non-cash expenses other than depreciation	-	-	230,306	230,306

PATRY'S LIMITED AND CONTROLLED ENTITIES
ABN 97 123 055 363

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

(b) Primary reporting format – business segments (cont'd)

2006	Research & Development	Investment	Corporate	Total
Revenue from continuing operations	-	-	-	-
RESULT				
Segment result – continuing operations	-	-	(17)	(17)
Net profit/(Loss) after income tax expense	-	-	(17)	(17)
Segment Assets	1,000,000	-	100,110	1,100,110
Segment liabilities	-	-	-	-
Acquisition of property, plant and equipment and intangible assets	-	-	-	-
Carrying value of investments accounted for using the equity method	-	-	-	-
Depreciation	-	-	-	-
Non-cash expenses other than depreciation	-	-	-	-

NOTE 4: LOSS FOR THE HALF YEAR

Loss for the half-year did not include any unusual items, therefore no additional disclosure.

NOTE 5: CONTRIBUTED EQUITY

2007	31 December No	31 December \$
Opening Balance	85,880,475	6,567,019
Shares issued on IPO	62,500,000	25,000,000
Shares issued on conversion of loans	4,471,000	1,835,893
Transaction cost in relation to shares issued	-	(1,822,085)
Closing Balance	<u>152,851,475</u>	<u>31,580,827</u>
2006	30 June No	30 June \$
Opening Balance	-	-
Shares issued	85,880,475	6,991,635
Shares issued on conversion of loans	-	-
Transaction cost in relation to shares issued	-	(424,616)
Closing Balance	<u>85,880,475</u>	<u>6,567,019</u>

PATRY'S LIMITED AND CONTROLLED ENTITIES
ABN 97 123 055 363

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

NOTE 6: RESERVES

	31 December	30 June
	2007	2007
	\$	\$
Foreign currency translation reserve	(a) 14,133	(886)
Share options reserve	(b) 310,822	82,054
	324,955	81,168
(a) Foreign Currency Translation Reserve		
Opening Balance	(886)	-
Transfer to exchange rate gain	15,019	(886)
Closing Balance	14,133	(886)
(b) Share options reserve		
Opening Balance	82,054	-
Value of options issued	228,768	82,054
Closing Balance	310,822	82,054

NOTE 7: MOVEMENT IN ACCUMULATED LOSSES

Opening Balance	(1,649,116)	-
Net Loss attributable to the members of the parent entity for the period	(2,719,349)	(1,649,116)
Closing Balance	(4,368,465)	(1,649,116)

NOTE 8: COMMITMENTS AND CONTINGENCIES

The only changes to the commitments and contingencies disclosed in the most recent annual financial report are specified below:

c. Further investments in Acceptys

In addition to the 800,000 preferred stock held by Patrys as at 31 March 2007 as detailed in Note 9 (a) of the 30 June 2007 audited financial report, Patrys has committed to investing a further US\$2.3 million in Acceptys in four quarterly instalments. On ASX listing, these payments were required to be made in four quarterly instalments of US\$575,000 commencing on 1 October 2007. Patrys listed on the ASX on 13 July 2007. Two quarterly instalments of USD575,000 had been made on 7 November, 2007 and 12 February 2008; with the remaining two instalments payable on 7 May 2008 and 7 August 2008. Based on a period end exchange rate of \$0.8816, the commitment at period end was \$1,013,840

**PATRYS LIMITED AND CONTROLLED ENTITIES
ABN 97 123 055 363**

DIRECTORS' DECLARATION

The directors of the company declare that:

- (1) The financial statements and notes, as set out on pages 7 to 13:
 - a) comply with Accounting Standard AASB 134: Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory reporting requirements; and
 - b) give a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half year ended on that date.

- (2) In the directors' opinion:
 - a) The financial statements and notes are in accordance with the Corporations Act 2001; and
 - b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Dated this 27th Day of February 2008


John Read
Director



Chartered Accountants
& Business Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Patrys Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Patrys Limited ('Patrys'), which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a description of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising Patrys and the entities it controlled at 31 December 2007 or from time to time during the half-year ended on that date.

Directors' Responsibility for the Half-Year Financial Report

The directors of Patrys are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Patrys, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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Chartered Accountants
& Business Advisers

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Patrys and the entity's it controlled during the half year is not in accordance with:

- (a) the *Corporations Act 2001* including:
 - (i) giving a true and fair view of the financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.
- (b) other mandatory financial reporting requirements in Australia.

PKF

PKF
Chartered Accountants

D J Garvey
Partner

Melbourne
27 February 2008