

PATRYS LIMITED

(ABN 97 123 055 363)

MANAGING DIRECTOR'S REPORT

Patrys Limited (ASX: PAB) is a leading global developer of natural human antibody therapies for the treatment of cancer, a position that is well protected by an expansive patent portfolio built around the Company's proprietary products and technologies.

The Company's natural human antibody therapies offer potential safety and efficacy benefits in the A\$23 billion antibody market, where all currently approved antibodies have safety and efficacy issues due in part to their non-human origin. Patrys is converting the therapeutic benefits of natural human antibodies into commercial success by developing treatments for melanoma, colon, lung, pancreatic and gastric cancers, where there is significant market demand for better products due to an average five year mortality rate of over 80% across these indications.

In July 2007, the Company concluded a successful IPO, the main goal of which was to finance the generation of human clinical trial data by October 2009 for lead anti-cancer antibodies PAT-LM1 and PAT-SM6. The Company remains well on track to achieve this goal. In addition to its internal development programs, Patrys has collaborations that allow it to benefit from the advancement of other pipeline products by industry leaders including Takeda Pharmaceutical Company Limited and AstraZeneca.

More specifically in the period from 1 July 2007 to 30 June 2008, the Directors of Patrys Limited are pleased to announce the following significant achievements:

1. **Successful IPO and Strong Cash Position.** In July 2007, Patrys closed its offer under the Prospectus dated 8 June 2007 over-subscribed, raised A\$25,000,000 and listed on the ASX on 13 July 2007. As of 30 June 2008, Patrys' cash position remains strong, standing at A\$15.2 million.
2. **Advancement of Lead Products.** Patrys remains on track to generate human clinical trial data for its lead anti-cancer human antibody products (PAT-LM1 and PAT-SM6) by October 2009, supported through:
 - a. The establishment of production technology for natural human antibodies with yields that well exceed levels reported by others in the industry and that will support commercialisation. This technology achievement supports the PAT-LM1 and PAT-SM6 programs and can be applied to our entire pipeline, thereby enhancing the value of all products, now and in the future.
 - b. The identification of the disease target for PAT-LM1, a valuable asset because (i) it is an important factor in successfully advancing PAT-LM1 as a treatment for cancer; and (ii) the patent applications protecting that target filed by Patrys presents a significant barrier to other companies wishing to develop competing products.
3. **Expansion of Pipeline, Commercial Applications and Related Intellectual Property.** Per the objectives set out in our IPO, Patrys expanded its R&D capabilities in November of 2007, with outcomes already achieved through the identification of new lead products, new disease targets, and new commercial applications. These new discoveries have led to the filing of 8 new patent applications in the period. The new assets include, but not exclusively, the following:
 - c. **New Lead Products.** Patrys has filed patent applications to cover new lead products PAT-BA3 and PAT-BA4, both of which are natural human IgG antibodies being developed as treatments for cancer.
 - d. **New Disease Targets.** Since July of 2007, Patrys has filed patent applications to cover newly discovered disease targets for PAT-LM1 and PAT-BA4, intellectual property that will protect the Company's competitive position for each product as the products advance through commercialisation.
 - e. **Melanoma Application.** Several laboratory experiments have shown that lead product PAT-SM6 shows the ability to bind to and kill human melanoma cells in a very potent manner, opening up a significant market opportunity for the product in Australia and globally.

- f. Lead Products for Treatment of Metastases. Lead products PAT-LM1 and PAT-PM2 have each been shown to substantially reduce or eliminate metastases in preclinical animal models of human gastric and colon cancers, opening up a significant commercial opportunity for the treatment of advanced refractory cancer patient populations. These new applications are covered by respective patent filings.
 - g. Production/Purification Technology for Natural Human Antibodies. Patrys has developed new technology for the production and purification of natural human antibodies that is now protected by proprietary patent filings.
 - h. Antibody Cocktail Treatments. Patrys has recently filed a patent application supported by data showing synergistic and additive effects when its lead products are combined in experiments testing their ability to bind to and kill human cancer cells.
4. Product Collaborations. During the period, Patrys expanded its collaborations with Takeda and AstraZeneca, presenting additional commercial opportunities for Patrys.

The combination of (i) the advancement of lead products PAT-LM1 and PAT-SM6 toward human clinical trials in early 2009; (ii) the expansion of the Company's pipeline, applications and associated intellectual property; and (iii) the maturing of our product collaborations with larger industry players puts Patrys in a position where it can realise significant benefits from the growing industry demand for antibody products. Importantly, the market value placed on antibody products by larger industry participants has remained immune to the macroeconomic factors that have impacted the world's equity markets. As a result, Patrys maintains a very high level of confidence in the short, medium and long-term value we can offer our shareholders through the execution of our business plan.



Daniel Devine
Managing Director

PATRY'S LIMITED

(ABN 97 123 055 363)

APPENDIX 4E

PRELIMINARY FINAL REPORT

YEAR ENDED 30 JUNE 2008

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APPENDIX 4E

Preliminary Final Report to the Australian Stock Exchange

Name of Entity	Patrys Limited
ABN	(ABN 97 123 055 363)
Year Ended	30 June 2008
Previous Corresponding Reporting Period	The Company was incorporated on 8 December 2006 and accordingly the corresponding period is for 8 December 2006 to 30 June 2007.

Results for Announcement to the Market

	\$	Percentage increase /(decrease) over previous corresponding period
Revenue from continuing activities	1,112,296	1,757.5%
(Loss) from continuing activities after tax attributable to members	(7,323,602)	344.1%
Net (loss) for the period attributable to members	(7,323,602)	344.1%
Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend	N/A	N/A
Interim Dividend	N/A	N/A
Record date for determining entitlements to the dividends (if any)	N/A	
Brief explanation of any of the figures reported above necessary to enable the figures to be understood:		
For an explanation of results from continuing operations, see commentary on results included in the accompanying preliminary final report.		

Dividends

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

NTA Backing

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security (cents per share)	12.3cents	1.3cents

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
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Details of Associates and Joint Venture Entities

Name of Entity (or group of entities)	Acceptys Inc. (associate from 12 February 2008).
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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

This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited	<input type="checkbox"/>	The accounts are in the process of being audited	<input checked="" type="checkbox"/>

If the accounts are subject to audit dispute or qualification, a description of the dispute or qualification: N/A

Attachments Forming Part of Appendix 4E

Attachment #	Details
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

Signed By (Director/Company Secretary)	
Print Name	Mr. Kevin Hollingsworth
Date	29 August 2008

PATRY'S LIMITED
ABN 97 123 055 363
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

		Consolidated	
		2008	2007
	Note	\$	\$
Revenues from continuing operations	2	1,112,296	59,880
Expenses from continuing operations			
Research & development		(5,615,934)	(784,905)
Management & administration		(2,742,789)	(903,747)
Interest costs		(1,538)	(15,576)
Share of losses of equity accounted associates		(50,702)	-
Total expenses from continuing operations		<u>(8,410,963)</u>	<u>(1,704,228)</u>
(Loss) before tax		(7,298,667)	(1,644,348)
Income tax (expense)/benefit		(24,935)	(4,768)
Loss for the year from continuing operations		<u>(7,323,602)</u>	<u>(1,649,116)</u>
Loss attributable to members of the company		<u>(7,323,602)</u>	<u>(1,649,116)</u>
Earnings per share:			
Basic earnings per share - from continuing operations		(4.86)	(2.21c)
Basic diluted earnings per share - from continuing operations		(4.86)	(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 YEAR ENDED 30 JUNE 2008

	Fully paid ordinary shares	Fully paid Series 1 preference share	Fully paid series 2 preference shares	Total Issued Capital	Accumulated Losses	Other Reserves	Total
	\$	\$	\$	\$	\$	\$	\$
2008							
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	32,649,613	(1,786,400)	(4,027,320)	26,835,893	-	-	26,835,893
Transaction costs related to shares issued	(1,822,085)	-	-	(1,822,085)	-	-	(1,822,085)
Loss for the year	-	-	-	-	(7,323,602)	-	(7,323,602)
Translation currency differences	-	-	-	-	-	(837)	(837)
Cost of share based payment	-	-	-	-	-	287,235	287,235
At 30 June 2008	<u>31,580,827</u>	<u>-</u>	<u>-</u>	<u>31,580,827</u>	<u>(8,972,718)</u>	<u>367,566</u>	<u>22,975,675</u>
2007							
Consolidated							
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	<u>753,299</u>	<u>1,786,400</u>	<u>4,027,320</u>	<u>6,567,019</u>	<u>(1,649,116)</u>	<u>81,168</u>	<u>4,999,071</u>

The accompanying notes form part of these financial statements.

PATRY'S LIMITED
ABN 97 123 055 363
BALANCE SHEET
AS AT 30 JUNE 2008

	Note	Consolidated	
		2008	2007
		\$	\$
CURRENT ASSETS			
Cash & cash equivalents		15,233,976	2,321,607
Trade & other Receivables		200,615	1,237
Deferred capital raising costs		-	344,763
Other		756,096	37,561
TOTAL CURRENT ASSETS		16,190,687	2,705,168
NON-CURRENT ASSETS			
Investment accounted for using the equity method		2,860,267	1,029,980
Property, plant and equipment		640,515	58,776
Intangible assets		4,166,506	3,560,788
TOTAL NON-CURRENT ASSETS		7,667,288	4,649,544
TOTAL ASSETS		23,857,975	7,354,712
CURRENT LIABILITIES			
Trade and other payables		848,212	1,105,942
Borrowings		9,158	1,034,415
TOTAL CURRENT LIABILITIES		857,370	2,140,357
NON CURRENT LIABILITIES			
Trade and other payables		-	215,284
Borrowings		24,930	-
TOTAL NON CURRENT LIABILITIES		24,930	215,284
TOTAL LIABILITIES		882,300	2,355,641
NET ASSETS		22,975,675	4,999,071
EQUITY			
Issued capital	4a	31,580,827	6,567,019
Reserves	5a	367,566	81,168
Accumulated losses	5b	(8,972,718)	(1,649,116)
TOTAL EQUITY		22,975,675	4,999,071

The accompanying notes form part of these financial statements.

PATRY'S LIMITED
ABN 97 123 055 363
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	Consolidated	
	2008	2007
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(8,567,252)	(1,124,548)
Interest received	1,112,296	59,880
Net cash used in operating activities	(7,454,956)	(1,064,668)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant & equipment	(642,553)	(61,124)
Payments for intangible assets	(855,979)	(1,778,406)
Investment in preferred stock of Acceptys Inc.	(1,880,989)	(1,029,980)
Net cash used in investing activities	(3,379,521)	(2,869,510)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issue of shares	25,889,848	5,991,635
Payment for share issue expenses	(1,477,322)	(769,379)
Proceeds from borrowings	-	946,045
Proceeds from hire purchase	34,088	-
Repayment of borrowings	(610,561)	-
(Repayment)/Proceeds to associates	(88,370)	88,370
Net cash provided by financing activities	23,747,683	6,256,671
Net increase in cash and cash equivalents	12,913,206	2,322,493
Effects of exchange rate changes on the balance of cash held in foreign currencies	(837)	(886)
Cash & cash equivalent at beginning of year	2,321,607	-
Cash & cash equivalent at end of year	15,233,976	2,321,607

The accompanying notes form part of these financial statements

PATRY'S LIMITED
ABN 97 123 055 363

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS

For the year ended 30 June 2008

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.

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 company's prior year account report and prior half year report.

Comparative Period

The company was incorporated on 8 December 2006 and accordingly the previous corresponding period was from 8 December 2006 to 30 June 2007.

NOTE 2: REVENUE FROM CONTINUING OPERATIONS

	Consolidated	
	2008	2007
	\$	\$
Revenue		
Interest received – Bank deposits	1,112,296	59,880
Total Revenue from continuing operations	1,112,296	59,880

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 the USA.

PATRY'S LIMITED
ABN 97 123 055 363

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS
For the year ended 30 June 2008

(b) Primary reporting format – business segments

2008	Research & Development	Investment	Corporate	Total
Revenue from continuing operations	-	-	1,112,296	1,112,296
RESULT				
Segment result – continuing operations	(5,615,934)	(50,702)	(1,656,966)	(7,323,602)
Net profit/(Loss) after income tax expense	(5,615,934)	(50,702)	(1,656,966)	(7,323,602)
Segment Assets	5,548,603	2,860,267	15,449,105	23,857,975
Segment liabilities	500,330	-	381,970	882,300
Acquisition of property, plant and equipment and intangible assets	1,432,721	-	65,811	1,498,532
Carrying value of investments	-	2,860,267	-	2,860,267
Depreciation	57,025	-	3,789	60,814
Non-cash expenses other than depreciation				
Amortisation	250,261	-	-	250,261
Significant other non cash expenses (other than depreciation and amortisation)		50,702		50,702
Share option expenses		-	287,235	287,235
2007				
	Research & Development	Investment	Corporate	Total
Revenue from continuing operations	-	-	59,880	59,880
RESULT				
Segment result – continuing operations	(784,905)	-	(864,211)	(1,649,116)
Net profit/(Loss) after income tax expense	(784,905)	-	(864,211)	(1,649,116)
Segment Assets	3,617,061	1,029,980	2,707,671	7,354,712
Segment liabilities	832,821	-	1,522,820	2,355,641
Acquisition of property, plant and equipment and intangible assets	58,489	-	2,635	61,124
Carrying value of investments	-	1,029,980	-	1,029,980
Depreciation	2,216	-	132	2,348
Non-cash expenses other than depreciation				
Amortisation	--	--	50,439	50,439
Significant other non cash expenses (other than depreciation and amortisation)				
Share option expenses	31,996	-	50,058	82,054

PATRY'S LIMITED
ABN 97 123 055 363

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS
For the year ended 30 June 2008

Note 4: CONTRIBUTED EQUITY

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.

Ordinary shares participate in dividends and the proceeds on winding up of the company in equal proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

a Movements in issued capital during the year were as follows: -

Issued Shares	No. of Shares		2008	2007
	2008	2007	\$	\$
At the beginning of the reporting period	85,880,475	-	6,567,019	-
20,925,000 ordinary shares issued on incorporation	-	20,925,000	-	127
20,250,000 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
Shares issued on IPO	62,500,000	-	25,000,000	-
Convertible note converted to shares	4,471,000	-	1,835,893	-
Transaction costs arising on issue of shares	-	-	(1,822,085)	(424,616)
At end of the reporting period	152,851,475	85,880,475	31,580,827	6,567,019

NOTE 5: RESERVES AND ACCUMULATED LOSSES

	Consolidated	
	2008	2007
	\$	\$
(a) Reserves		
Foreign currency translation reserve	(1,723)	(886)
Share options reserve – equity settled employee benefits	369,289	82,054
	<u>367,566</u>	<u>81,168</u>

Exchange differences relating to 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

Movements:

Foreign Currency Translation Reserve		
Balance 1 July 2007	(886)	-
Net adjustment arising from the translation of foreign controlled entities' financial statements	(837)	(886)
Balance 30 June 2008	<u>(1,723)</u>	<u>(886)</u>

The equity settled employee benefits reserve arises on grant of share options to executives and senior employees under the employee share option plan. Amounts are transferred out of the reserves and into issued capital when the options are exercised.

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 5: RESERVES AND ACCUMULATED LOSSES (Cont'd)

	Consolidated	
	2008	2007
(a) Reserves (Cont'd)	\$	\$
Share Options Reserve		
Balance 1 July 2007	82,054	-
Value of options issued	287,235	82,054
Balance 30 June	369,289	82,054
(b) Accumulated losses		
Balance 1 July 2007	(1,649,116)	-
Net Profit/(loss) for the year	(7,323,602)	(1,649,116)
Balance 30 June	(8,972,718)	(1,649,116)

NOTE 6. EVENTS AFTER BALANCE SHEET DATE

No other matters or circumstance have arisen since 30 June 2008 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.