



PATRY'S LIMITED
ABN 97 123 055 363

**APPENDIX 4D HALF YEAR REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017**

PROVIDED TO THE ASX UNDER LISTING RULE 4.2A.3

1. Company details

Name of entity:	Patrys Limited
ABN:	97 123 055 363
Reporting period:	For the half-year ended 31 December 2017
Previous period:	For the half-year ended 31 December 2016

2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	29.8% to	224,760
Loss from ordinary activities after tax attributable to the Owners of Patrys Limited	up	98.0% to	(994,326)
Loss for the half-year attributable to the Owners of Patrys Limited	up	98.0% to	(994,326)
		31 December 2017	31 December 2016
		Cents	Cents
Basic earnings per share		(0.13)	(0.07)
Diluted earnings per share		(0.13)	(0.07)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the Consolidated Entity after providing for income tax amounted to \$994,326 (31 December 2016: \$502,102).

During the period, the Group had total revenue of \$224,760 (2016: \$320,357), consisting of R&D incentive income of \$199,713 (2016: \$239,034) licencing income of \$13,750 (2016: \$38,958), interest income of \$11,297 (2016: \$26,653), government grants nil (2016: \$15,340), and other income nil (2016: \$372).

The Group also recognised other income/(loss) of (\$2,195) (2016: \$463,927) consisting of foreign currency loss \$2,195 (2016: gain \$12,295), and supplier refunds of nil (2016: \$451,632).

The Group's research and development expenditure during the half year was \$655,678 (2016: \$807,237). This includes direct research and development activities associated with pre-clinical and manufacturing work, as well as wages, salaries and other overheads associated with research and development.

Cash at bank at 31 December 2017 was \$911,779 (30 June 2017 \$1,910,952). The decrease was due to normal operating expenditure during the period. The working capital position as at 31 December 2017 of the consolidated entity results in an excess of current assets over current liabilities of \$1,041,815 (31 December 2016: \$2,010,546).

3. Control gained over entities

Not applicable.

4. Loss of control over entities

Not applicable.

5. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

6. Dividend reinvestment plans

Not applicable.

7. Details of associates and joint venture entities

Not applicable.

8. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

9. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Half-year financial report.

10. Attachments

Details of attachments (if any):

The Half-year financial report of Patrys Limited for the half-year ended 31 December 2017 is attached.

11. Signed

Signed  _____

Date: 23 February 2018

Patrys Limited

ABN 97 123 055 363

Half-year financial report - 31 December 2017

Corporate directory	2
Directors' report	3
Auditor's independence declaration	6
Statement of profit or loss and other comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11
Directors' declaration	15
Independent auditor's review report to the members of Patrys Limited	16

Directors	Mr. John Read (Non-Executive Chairman) Mr. Michael Stork (Non-Executive Director and Deputy Chairman) Ms. Suzy Jones (Non-Executive Director) Dr. James Campbell (Managing Director & CEO)
Company secretary	Melanie Leydin
Registered office	Level 4, 100 Albert Road South Melbourne, VIC 3205 Phone: +61 3 9692 7222
Principal place of business	Level 4, 100 Albert Road South Melbourne, VIC, 3205
Share register	Computershare Investor Services Pty Limited 452 Johnston Street Abbotsford VIC 3067 Phone: 1300 555 159 (within Australia) Phone: +61 3 9415 4062
Auditor	BDO East Coast Partnership Level 18, 727 Collins Street Melbourne VIC 3008 Australia
Stock exchange listing	Patrys Limited shares are listed on the Australian Securities Exchange (ASX code: PAB)
Website	www.patrys.com

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Consolidated Entity' or the 'Group') consisting of Patrys Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2017.

Directors

The following persons were Directors of Patrys Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr John Read (Non-Executive Chairman)
Mr. Michael Stork (Non-Executive Director and Deputy Chairman)
Ms. Suzy Jones (Non-Executive Director)
Dr. James Campbell (Managing Director & CEO)

Principal activities

During the financial half-year the principal continuing activities of the Consolidated Entity consisted of:

- Commercialisation of the Group's proprietary technologies to develop antibody-based therapeutic products for the treatment of cancer.

Review of operations

The loss for the Consolidated Entity after providing for income tax amounted to \$994,326 (31 December 2016: \$502,102).

Overview

Patrys is devoted to the development and commercialisation of novel antibody technologies for the treatment of cancer. With two innovative assets classes, nuclear-penetrating antibodies (Deoxymabs) and IgMs, Patrys is well positioned to develop new therapeutics that transform standards of care for a range of cancer types.

During the six months to 31 December 2017, the Company achieved numerous milestones associated with the development of PAT-DX1, its humanized version of Deoxymab 3E10, and continued to build its relationship with Hefei Co-source Biomedical Co, its Chinese partner for the development of PAT-SC1. Development of PAT-SM6 remains on hold.

Patrys continues to progress its PAT-DX1 asset, building a strong position in the field of DNA damage repair (DDR) therapeutics. During the period Patrys reported a range of positive pre-clinical data on both PAT-DX1 and PAT-DX1-NP, the establishment of research collaborations with Australia's two leading medical research institutes, the granting of US patents for Deoxymab 3E10 and PAT-LM1, the launch of a video explaining the mode of action of Deoxymab 3E10 and the initiation of equity analyst coverage on the Company by NDF Research.

Deoxymabs

Deoxymab 3E10 is a lupus derived autoantibody which penetrates cells' nuclei and binds directly to DNA where it inhibits DNA repair and damages DNA. Normal cells repair DNA damage utilising intact DNA repair processes, however 3E10 can kill cells that have mutations or deficiencies in DNA repair mechanisms as found in various cancer cells. As well as showing single agent therapeutic potential 3E10 has been shown to significantly enhance the efficacy of both chemo- and radiotherapies. The Company hopes to progress this asset towards the clinic within the next two years.

During the six months to 31 December 2017 Patrys announced a range of positive pre-clinical data for manufactured PAT-DX1, including observations that PAT-DX1 outperformed the non-humanized 3E10 antibody in cell penetration and cancer cell death assays; that PAT-DX1 kills colon cancer cells that lack key DNA repair enzymes such as BRCA2; that PAT-DX1 is active against primary human glioblastoma tumor cells from patients; and that PAT-DX1 showed signals of efficacy in an animal model of triple negative breast cancer. This data indicated that PAT-DX1 has a modality of binding to nuclear DNA and blocking DNA repair, raising the possibility that PAT-DX1 could work synergistically with other DNA damage repair (DDR) therapeutics, most notably inhibitors of DNA repair enzymes such as PARP. In December 2017 the Company confirmed that PAT-DX1 acts synergistically with olaparib, the first approved PARP inhibitor.

Deoxymabs (continued)

During the period the Company also announced the first pre-clinical data for its drug candidate PAT-DX1-NP. It was found that compared to unconjugated nanoparticles, experiments in mice with orthotopic glioblastoma brain tumors showed significantly higher localization of PAT-DX1-NP at the tumor sites. PAT-DX1-NP localization was not elevated over background in other organs, including the heart, lungs, liver, spleen and kidneys, confirming the tumor-specificity of the conjugate. In a subsequent event, in January 2018 the Company announced that PAT-DX1-NP similarly localized to triple negative breast cancer primary tumors in mice and also localised to axillary lymph node metastases, raising the possibility that an eventual therapeutic based on PAT-DX1 could have broad utility, treating both primary and secondary tumors.

During the six months to 31 December 2017 Patrys reported the granting of the first patent for Deoxymab 3E10 by the United States Patent and Trademark Office (patent number 9,701,740).

IgM assets

During the six months to 31 December 2017, the Joint Development Committee for the Patrys-Hefei Co-source Biomedical PAT-SC1 alliance had its second face-to-face meeting. Patrys is pleased with progress made by its Chinese license partner, and looks forward to building this relationship. Patrys' IgM intellectual property portfolio was strengthened in October 2017 with the granting of a patent in the PAT-LM1 family by the United States Patent and Trademark Office (patent number 9,783,599). Manufacturing and a possible clinical trial of PAT-SM6 remain on hold as the Company seeks to progress the development of this and its other IgM assets on a risk-sharing basis.

Looking ahead

Under the guidance of the Board and the Scientific Advisory Board Patrys made significant advances in its efforts to build and realise the value of its assets in the six months to 31 December 2017.

The Patrys team remains focused on progressing its Deoxymab assets towards the clinic and cost-effectively developing its IgM assets. Management are also working diligently to maximize non-dilutive capital inflows, particularly insurance recoveries, with several insurance claims lodged and under review. The successful completion of a \$2.4 million fully underwritten rights issue in February 2018 (subsequent event) strengthens the Company's position in these matters.

With a strong team, quality assets, an international network of recognised research collaborators and a strong balance sheet Patrys is well positioned to build on its recent successes and achieve further milestones in 2018.

Statement of Financial Position

At 31 December 2017, cash and term deposits of \$911,779 (30 June 2017: \$1,910,952) are held. These funds will allow the Group to continue the pre-clinical development of its deoxymab assets over the coming year.

The Group's policy is to hold its cash and cash equivalent deposits in "A" rated or better deposits.

The Group's strategy is to outsource product development expenses including manufacturing, regulatory and clinical trial expenses to specialist, best of breed partner organisations. As a consequence the Group has not incurred any major capital expenditure for the period and does not intend to incur substantial commitments for capital expenditure in the immediate future.

Operating results

The Group produced a loss from ordinary activities before income tax of \$994,326 (2016: \$502,102).

Consolidated revenue including other income during the period was \$222,565 (2016: \$784,284). This revenue included interest of \$11,297 (2016: \$26,653), R&D tax incentive estimate for the period 1 July to 31 December 2017 of \$199,713 (2016: \$239,034), licensing income of \$13,750 (2016: \$38,958), government grants of nil (2016: \$15,340), insurance recoveries of nil (2016: \$451,632), and a foreign currency loss of \$2,195 (2016: gain \$12,295).

Total consolidated operating expenses for the period were \$1,216,891 (2016: \$1,286,386).

Research and development costs of \$655,678 (2016: \$807,237) have been expensed in the period in which they were incurred. The decrease is due to reduced patent costs and staff reducing from full time to part time.

Operating results (continued)

Management and administration costs contributed a further \$562,240 (2016: \$474,452) to expenses from continuing operations. The increase is mainly attributable to ASX fees and legal costs in relation to insurance claims.

Basic net loss per share increased to (0.13) (2016: (0.07)) due to an increase in the loss for the period.

Statement of Cash Flows

The Group's cash outflow from operations over the period was \$990,919 (2016: \$513,914). Net outflows were \$993,178 (2016: \$516,684).

The increased net outflow is due to lower revenue in 2017.

Business development

The Company continues to explore partnering opportunities for all of its assets with a range of potential partners.

Significant changes in the state of affairs

On 11 July 2017 34,789,333 shares were issued with a deemed value of \$180,000 in settlement of Tranche 2 of the Nucleus Therapeutics Pty Ltd acquisition.

There were no other significant changes in the state of affairs of the Consolidated Entity during the financial half-year.

Matters subsequent to the end of the financial half-year

On 15 January 2018, the Group announced a Rights Issue for 142,074,313 fully paid ordinary shares on a basis of 2 for 11, at \$0.017 (1.7 cents) per share. The issue was fully underwritten. The offer closed on 9 February 2018 and generated gross proceeds of \$2.4 million in February 2018.

No other matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Mr. John Read
Chairman

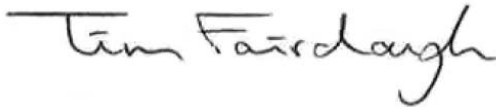
23 February 2018

DECLARATION OF INDEPENDENCE BY TIM FAIRCLOUGH TO THE DIRECTORS OF PATRYS LIMITED

As lead auditor of Patrys Limited for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Patrys Limited and the entities it controlled during the period.



Tim Fairclough
Partner

BDO East Coast Partnership

Melbourne, 23 February 2018

Patrys Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2017



		Consolidated	
	Note	31 December 2017 \$	31 December 2016 \$
Revenue	3	224,760	320,357
Other income	4	(2,195)	463,927
Expenses			
Realised foreign exchange losses		1,027	(4,697)
Research & development expenses		(655,678)	(807,237)
Administration & management expenses		(562,240)	(474,452)
Loss before income tax expense		(994,326)	(502,102)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the Owners of Patrys Limited		(994,326)	(502,102)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations		(4,827)	(44)
Other comprehensive income for the half-year, net of tax		(4,827)	(44)
Total comprehensive income for the half-year attributable to the Owners of Patrys Limited		(999,153)	(502,146)
		Cents	Cents
Basic earnings per share	10	(0.13)	(0.07)
Diluted earnings per share	10	(0.13)	(0.07)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Patrys Limited
Statement of financial position
As at 31 December 2017



	Consolidated	
	31 December	
Note	2017	30 June 2017
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	911,779	1,910,952
Trade and other receivables	653,026	480,679
Other	61,782	98,909
Total current assets	<u>1,626,587</u>	<u>2,490,540</u>
Non-current assets		
Property, plant and equipment	3,038	4,341
Intangibles	641,250	663,750
Total non-current assets	<u>644,288</u>	<u>668,091</u>
Total assets	<u>2,270,875</u>	<u>3,158,631</u>
Liabilities		
Current liabilities		
Trade and other payables	493,752	395,071
Employee benefits	70,971	64,874
Other	20,049	20,049
Total current liabilities	<u>584,772</u>	<u>479,994</u>
Non-current liabilities		
Employee benefits	15,650	15,540
Total non-current liabilities	<u>15,650</u>	<u>15,540</u>
Total liabilities	<u>600,422</u>	<u>495,534</u>
Net assets	<u>1,670,453</u>	<u>2,663,097</u>
Equity		
Issued capital	5 60,213,712	60,035,971
Reserves	6 293,891	518,155
Accumulated losses	<u>(58,837,150)</u>	<u>(57,891,029)</u>
Total equity	<u>1,670,453</u>	<u>2,663,097</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Patrys Limited
Statement of changes in equity
For the half-year ended 31 December 2017



Consolidated	Issued capital \$	Foreign currency translation reserve \$	Share option reserve \$	Share loan plan reserve \$	Other reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2016	60,035,971	(18,523)	9,358	154,810	360,000	(56,903,147)	3,638,469
Loss after income tax expense for the half-year	-	-	-	-	-	(502,102)	(502,102)
Other comprehensive income for the half-year, net of tax	-	(44)	-	-	-	-	(44)
Total comprehensive income for the half-year	-	(44)	-	-	-	(502,102)	(502,146)
<i>Transactions with Owners in their capacity as Owners:</i>							
Share-based payments	-	-	39,966	403	-	-	40,369
Reallocation of value of expired and cancelled equity	-	-	(5,417)	(48,258)	-	53,675	-
Balance at 31 December 2016	<u>60,035,971</u>	<u>(18,567)</u>	<u>43,907</u>	<u>106,955</u>	<u>360,000</u>	<u>(57,351,574)</u>	<u>3,176,692</u>

Consolidated	Issued capital \$	Foreign currency translation reserve \$	Share option reserve \$	Share loan plan reserve \$	Other reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2017	60,035,971	(13,726)	80,910	90,971	360,000	(57,891,029)	2,663,097
Loss after income tax expense for the half-year	-	-	-	-	-	(994,326)	(994,326)
Other comprehensive income for the half-year, net of tax	-	(4,827)	-	-	-	-	(4,827)
Total comprehensive income for the half-year	-	(4,827)	-	-	-	(994,326)	(999,153)
<i>Transactions with Owners in their capacity as Owners:</i>							
Share-based payments	-	-	8,768	-	-	-	8,768
Share issue transaction costs	(2,259)	-	-	-	-	-	(2,259)
Reallocation of value of expired and cancelled equity	-	-	(1,120)	(47,085)	-	48,205	-
Shares issued	180,000	-	-	-	(180,000)	-	-
Balance at 31 December 2017	<u>60,213,712</u>	<u>(18,553)</u>	<u>88,558</u>	<u>43,886</u>	<u>180,000</u>	<u>(58,837,150)</u>	<u>1,670,453</u>

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

Patrys Limited
Statement of cash flows
For the half-year ended 31 December 2017



	Consolidated	
	31 December	31 December
	2017	2016
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(1,040,205)	(1,236,748)
Interest received	13,340	39,662
Other revenue	8,451	655,672
Licensing Income	27,495	27,500
	<u> </u>	<u> </u>
Net cash used in operating activities	(990,919)	(513,914)
	<u> </u>	<u> </u>
Cash flows from investing activities		
Payments for property, plant and equipment	-	(2,770)
	<u> </u>	<u> </u>
Net cash used in investing activities	-	(2,770)
	<u> </u>	<u> </u>
Cash flows from financing activities		
Share issue transaction costs	(2,259)	-
	<u> </u>	<u> </u>
Net cash used in financing activities	(2,259)	-
	<u> </u>	<u> </u>
Net decrease in cash and cash equivalents	(993,178)	(516,684)
Cash and cash equivalents at the beginning of the financial half-year	1,910,952	3,215,039
Effects of exchange rate changes on cash and cash equivalents	(5,995)	7,561
	<u> </u>	<u> </u>
Cash and cash equivalents at the end of the financial half-year	<u>911,779</u>	<u>2,705,916</u>

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

Note 1. General information

The financial statements cover Patrys Limited as a Consolidated Entity consisting of Patrys Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Patrys Limited's functional and presentation currency.

Patrys Limited is a listed public company limited by shares, incorporated and domiciled in Australia.

A description of the nature of the Consolidated Entity's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 23 February 2018.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

It is noted that during the reporting period, the Group incurred a loss from continuing operations after income tax of \$994,326 (2016: \$502,102) and had consolidated net cash outflows of \$990,919. At present, the Group does not have a confirmed source of income sufficient to meet operating costs, and as at the date of the financial report, the Group anticipates this trend will continue. These conditions indicate a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern.

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business for the following reasons:

- At 31 December 2017, the Group had net assets of \$1,670,453 (30 June 2017: \$2,663,097);
- The working capital of the Group results in an excess of current assets over current liabilities of \$1,041,815 (30 June 2017: \$2,010,546);
- The Board of Directors has the ability to downscale its operations and discontinue programs should the need arise, whilst meeting minimum expenditure commitments;
- Cash flow forecasts prepared by the Board indicated that the company currently has sufficient cash reserves and working capital to fund its planned activities for a period beyond 12 months from the date of signing of financial report;
- Directors have a number of external funding alternatives available such as out-licensing arrangements or raising additional equity funds; and
- The Company has a history of successfully undertaking capital raisings during the last 9 years.
- The Company successfully raised \$2.415 million capital through a fully underwritten rights issue in February 2018.

Note 2. Significant accounting policies (continued)

Based on the above, the Directors believe the Consolidated Entity will continue as a going concern and that it is appropriate to adopt that basis of accounting in the preparation of the financial report.

Note 3. Revenue

	Consolidated	
	31 December 2017	31 December 2016
	\$	\$
Licensing income	13,750	38,958
R&D tax incentive	199,713	239,034
Interest income	11,297	26,653
Government grants	-	15,340
Other income	-	372
	<hr/>	<hr/>
Revenue	<u>224,760</u>	<u>320,357</u>

Note 4. Other income

	Consolidated	
	31 December 2017	31 December 2016
	\$	\$
Net foreign exchange (loss)/gain	(2,195)	12,295
Supplier refunds	-	451,632
	<hr/>	<hr/>
Other income	<u>(2,195)</u>	<u>463,927</u>

Note 5. Equity - issued capital

	Consolidated			
	31 December 2017	30 June 2017	31 December 2017	30 June 2017
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>778,578,758</u>	<u>744,432,206</u>	<u>60,213,712</u>	<u>60,035,971</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2017	744,432,206		60,035,971
Share options lapsed	11 July 2017	(147,101)	\$0.00000	-
Shares issued	11 July 2017	34,789,333	\$0.00517	180,000
Share issue transaction costs	11 July 2017	-	\$0.00000	(2,259)
Expiration of shares from share loan plan	27 November 2017	(290,678)	\$0.00000	-
Expiration of shares from share loan plan	8 December 2017	(205,002)	\$0.00000	-
		<hr/>		<hr/>
Balance	31 December 2017	<u>778,578,758</u>		<u>60,213,712</u>

Note 5. Equity - issued capital (continued)

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Note 6. Equity - reserves

	Consolidated	
	31 December	30 June 2017
	2017	2017
	\$	\$
Foreign currency translation reserve	(18,553)	(13,726)
Share option reserve	88,558	80,910
Share loan plan reserve	43,886	90,971
Other reserve	180,000	360,000
	<u>293,891</u>	<u>518,155</u>

Consolidated	Foreign currency translation reserve \$	Share option reserve \$	Share loan plan reserve \$	Other reserve \$	Total \$
Balance at 1 July 2017	(13,726)	80,910	90,971	360,000	518,155
Foreign currency translation	(4,827)	-	-	-	(4,827)
Share based payments	-	8,768	-	-	8,768
Lapsed options	-	(1,120)	(47,085)	-	(48,205)
Shares issued	-	-	-	(180,000)	(180,000)
Balance at 31 December 2017	<u>(18,553)</u>	<u>88,558</u>	<u>43,886</u>	<u>180,000</u>	<u>293,891</u>

Note 7. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 8. Events after the reporting period

On 15 January 2018, the Group announced a Rights Issue for 142,074,313 fully paid ordinary shares on a basis of 2 for 11, at \$0.017 (1.7 cents) per share. The issue was fully underwritten. The offer closed on 9 February 2018 and generated gross proceeds of \$2.4 million in February 2018.

No other matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Note 9. Non-cash investing and financing activities

	Consolidated	
	31 December 2017	31 December 2016
	\$	\$
Shares issued in accordance with acquisition agreement for Nucleus intellectual property as second milestone was met during July 2017	<u>180,000</u>	<u>-</u>

Note 10. Earnings per share

	Consolidated	
	31 December 2017	31 December 2016
	\$	\$
Loss after income tax attributable to the Owners of Patrys Limited	<u>(994,326)</u>	<u>(502,102)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>776,915,304</u>	<u>745,218,296</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>776,915,304</u>	<u>745,218,296</u>
	Cents	Cents
Basic earnings per share	(0.13)	(0.07)
Diluted earnings per share	(0.13)	(0.07)

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 31 December 2017 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Mr. John Read
Chairman

23 February 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Patrys Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Patrys Limited (the Company) and its subsidiaries (the Group), which comprises the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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 the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 a 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 half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its financial 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 the Group, 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO East Coast Partnership

A handwritten signature in black ink. The signature consists of the letters 'BDO' in a large, bold, sans-serif font, followed by the name 'Tim Fairclough' in a cursive script.

Tim Fairclough
Partner

Melbourne, 23 February 2018