

**BUY \$0.50****Matthijs Smith**

+61 3 9200 7050

m.smith@lodgepartners.com.au**Company Data**

ASX Code	PAB
Price	\$0.50
12 month price target	\$1.00
Implied return	96%

Shares on issue	152.9m
Market capitalisation	\$76.4m
12 Month price range	\$0.44 - \$0.70
Monthly turnover (shares)	3.7m

Cash Flow Summary

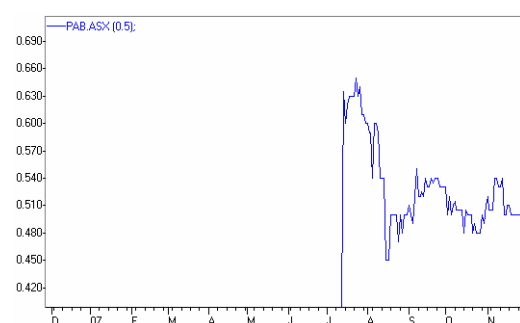
Yr to 30 June	2007A	2008F	2009F	2010F
Receipts	0	0	0	0
Interest	0.1	1.1	0.5	0
Oper. Cash Inflow	0.1	1.1	0.5	0
Oper. Cash Out	(1.1)	(9.0)	(10.5)	(11.5)
Net Oper Cash	(1.0)	(7.9)	(10.0)	(11.5)
Net Inv. Cashflow	(4.7)	(1.7)	(1.6)	(0.1)
Net Fin. Cashflow	33.0	0	0	0
Inc/(Dec) Cash	27.3	(9.6)	(11.6)	(11.6)
Opening Cash	0	27.3	17.7	6.1
Closing Cash	27.3	17.7	6.1	(5.5)

Board of Directors

John Read	Chairman (Non-Exec)
Daniel Devine	CEO
Michael Stork	Non-Exec. Dir.
Alan Robertson	Non-Exec. Dir.

Major Shareholders

PNK Holdings	17.2%
OncoMab GmbH	13.2%
Daniel Devine (CEO)	9.4%

Share Price Chart**Patrys (PAB)****Yet Another Big Deal For Cancer Antibodies****Astellas Acquires US-Antibody Company Agensys For US\$387m**

Astellas Pharma Inc, (HQ'ed in Japan) has announced that its US subsidiary is to acquire US-antibody company Agensys for US\$387m. In addition, Agensys shareholders may receive a further US\$150m in milestone payments contingent on the development of various therapeutic products.

This adds to the list of high-value deals that have been done in the antibody space over the last 24 months and reinforces the value of antibody technologies. Furthermore, the pipeline of Agensys is not significantly more advanced than PAB's highlighting the potential for PAB to secure an attractive licensing deal with one or more of its internal leads in the not so distant future.

Patrys Stacks Up Well Against Agensys

We believe that PAB's technology and pipeline stack up favourably against Agensys and thus provides an additional data point for the potential value of PAB's technology and pipeline.

Agensys is focused on fully human antibodies (ie: antibodies with a fully human protein backbone but not produced in human cell lines) for the treatment of cancer. The company has 12 MAb programs in development but has only recently commenced its first Phase-I trial with the remaining antibodies in preclinical development. Agensys has also focused on identifying new cancer targets and has 30 targets for 14 different cancer types. In addition the company has established a GMP manufacturing facility for the production of antibodies.

PAB also has 12 lead antibodies currently in development (5 with Takeda, 1 with AstraZeneca/MedImmune, 1 with Debiopharm and 5 internal leads). Unlike Agensys's antibodies, which have been generated in a genetically engineered mouse called the Xenomouse, PAB's antibodies are natural in that they have been generated by the human body and are produced in human cell lines. Furthermore, PAB's antibodies to date, all react with proprietary targets that are completely cancer-specific and have not been found on any normal human tissues tested. With a further 260 cancer-specific antibodies that have yet to be fully characterised, PAB should be able to continue building a robust pipeline of both therapeutic antibodies and proprietary, cancer-specific targets.

Deal Opportunities May Not Be Far Away

PAB is on track to get 2 of its internal leads into IND clinical trials by the end of 2008. Scale-up GMP production is about to commence which will provide material for both the final animal safety studies and for the Phase-I clinical trials. The company has flagged that it will investigate partnering opportunities once scale-up production is complete but, with the financial resources available to complete the Phase-I trials itself, will be in a strong negotiating position and thus will only partner if the terms are economically attractive.

In the interim, Takeda will be generating data and, at any stage, may elect to negotiate a license for one or more of the 5 antibodies it currently has under evaluation.

This latest deal further reinforces the attractiveness and value of antibody technologies, such as PAB's, to potential pharma partners.

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Recommendations are assessments of each Lodge Partners Analyst's view of potential total returns over a 1 year period.

Expected total Return is measured as (capital gain (or loss) + dividend)/purchase price

We have divided our recommendations into three main categories:

Buy: Expected Total Return in excess of 15% over a 1 year period.

Hold: Expected Total Return between 0% and 15% over a 1 year period.

Sell: Expected Total Return less than 0% over a 1 year period.

The analyst holds shares in Patrys Limited (PAB).

Analyst Verification

I verify that I Matthijs Smith, have prepared this research report accurately and that any financial forecasts and recommendations that are expressed are solely my own personal opinions. In addition, I certify that no part of my compensation is or will be directly or indirectly tied to the specific recommendation or financial forecasts expressed in this report.

Disclaimer

Lodge Corporate Services has provided corporate advice and services to Patrys Limited including Lead Manager and Underwriter for an Initial Public Offering that raised \$25m at \$0.40 per share in July 2007.

Contact Lodge Partners:

Melbourne
Level 5, 60 Collins St
Melbourne Vic, 3000

Sydney
Level 9, 30 Castlereagh St
Sydney NSW 2000

Phone: +61 3 9200 7000
Fax: +61 3 9200 7077
www.lodgepartners.com.au

Phone: +61 2 8224 5000
Fax: +61 2 8224 5055