

## Commentary on Half Year Report

**Melbourne, Australia; 25 February, 2015:** Patrys Limited (**ASX: PAB; the Company**) today announced its financial results for the six months ended 31 December 2014 and provided an overview of operations for the period.

During the period the Company:

- Advanced its planning for the next PAT-SM6 clinical trial
- Continued the PAT-SC1 out-licensing project
- Broadened the composition of the Board of Directors

### Operations:

In November 2013, Patrys announced a planned Phase Ib/IIa clinical trial evaluating the effectiveness of PAT-SM6 in combination with carfilzomib, in patients with relapsed and refractory MM. As announced on 6 February 2015, the next clinical trial will commence once manufactured material is released.

During the period Patrys has progressed out-licensing opportunities for PAT-SC1 in China. A number of potential partners are evaluating PAT-SC1 and one potential partner has generated its own positive in vivo data. It is anticipated that a partner may be identified by mid 2015.

In November 2014, the Company announced that it had appointed Dr. James Campbell to the Board as a Non-Executive Director. This appointment strengthens the Board of Patrys as it progresses both the clinical development and partnering efforts for its pipeline of clinical and pre-clinical assets.

### Financial Performance:

The Group produced a loss from ordinary activities before income tax of \$2.69 million, a 17.5% reduction over the previous corresponding period due to prudent management of the financial resources as it moves towards the next clinical trials. The Group's cash position at balance date was \$5.4 million.

Further highlights and full financial results are contained in the attached Appendix 4D.

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### **About Patrys Limited:**

Based in Melbourne, Australia, Patrys (ASX: PAB) is focused on the development of natural human antibodies as therapies for cancer. Patrys has a deep pipeline of anti-cancer natural human antibodies that qualify for both internal development and partnering opportunities. More information can be found at [www.patrys.com](http://www.patrys.com).

## APPENDIX 4D

PATRY'S LIMITED  
ABN 97 123 055 363

### HALF YEAR REPORT

Current reporting period  
Previous corresponding period

Half year ended 31 December 2014  
Half year ended 31 December 2013

#### Results for announcement to the market

A\$'000

Revenues from ordinary activities	Up	70.1%	to	1,226
Loss from ordinary activities after tax attributable to members	Down	17.5%	to	(2,689)
Net loss for the period attributable to members	Down	17.5%	to	(2,689)

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	
	31 December 2014	31 December 2013
Net tangible asset per security	0.60¢	1.30¢
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:	accounts which have been subject to review	

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

APPENDIX 4D – HALF YEAR REPORT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

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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 2014 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 Securities Exchange.

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

**DIRECTORS' REPORT**

The Board of Directors of Patrys Limited ("Patrys" or the "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 2014.

## **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. Michael Stork (Non-Executive Director and Deputy Chairman)  
Ms. Susan Jones (Non-Executive Director)  
Dr. James Campbell (Non-Executive Director) appointed 12 November 2014

Dr. Marie Roskrow was an Executive Director of the Company from the beginning of the financial year until her retirement on 29 October 2014.

## **2. Review of Operations**

Key achievements during the period include:

- Continuing the manufacturing of PAT-SM6 to be used in the planned upcoming multiple myeloma clinical trial
- Expansion of the data package for PAT-SM6 with external collaborators and creation of awareness of this anti-cancer product
- Continuation of the PAT-SC1 out-licensing project
- Expansion of the discovery-stage pipeline and patent portfolio
- Broadening the composition of the Board of Directors

### **PAT-SM6 human clinical trials:**

In November 2013, Patrys announced that it is planning a Phase Ib/IIa clinical trial evaluating the effectiveness of PAT-SM6 in combination with carfilzomib, in patients with relapsed and refractory MM. The planned trial will be headed by Professor Dr. Hermann Einsele, Director of the Department of Medicine II, University of Würzburg, Germany. Patients will also be recruited into the planned trial by the Technical University of Dresden, Germany.

Since the announcement, Patrys has been manufacturing PAT-SM6 for use in the planned trial. Once the manufactured material is released the Company will seek regulatory approval from the Paul Ehrlich Institut (PEI) to commence the trial.

### **Expansion of the data package for PAT-SM6 and creation of awareness of this anti-cancer product**

Patrys continued to expand its PAT-SM6 preclinical data package. When looking for a commercial partner it is important to have the best preclinical data package possible, therefore making PAT-SM6 an attractive candidate to a wide range of major biotech / pharmaceutical companies.

During the period Patrys completed preclinical studies investigating the effect of PAT-SM6 in an animal model of multiple myeloma and in various multiple myeloma cells when given in combination with other drugs currently on the market. Results from the invitro studies demonstrate that PAT-SM6 works in combination with the marketed drugs in a synergistic manner resulting in a higher level of killing of multiple myeloma cells than if the drugs are used as single agents. Observations from the recently completed Phase 1 trial also suggest that PAT-SM6 may have the ability to modulate resistance to multiple myeloma drugs such as bortezomib and carfilzomib (proteasome inhibitors) which supports the upcoming planned combination study.

Patrys also completed a proof of concept study, which was undertaken in collaboration with CSIRO, to explore the possibility of producing Patrys' IgM antibodies in the CHO system which could enhance the attractiveness of PAT-SM6 to potential partners.

Patrys presented the MM clinical data as a lecture at the Annual Meeting of the German, Austrian and Swiss Associations for Hematology and Medical Oncology in Hamburg, in October 2014 and received very positive feedback.

Patrys is continuing to work on scientific manuscripts and aims to have further papers published in early 2015.

#### Continuation of the PAT-SC1 out-licensing project:

During the period Patrys has continued to evaluate out-licensing opportunities for PAT-SC1 in China. A number of potential partners are evaluating PAT-SC1 and one potential partner has generated its own positive *in vivo* data.

Patrys manufactures its antibodies using the PER.C6® cell system. One of the reasons for the delay in finding a suitable partner for PAT-SC1 is that a PER.C6® license is not available in many regions including China. Therefore potential partners will need to generate a new cell line expressing PAT-SC1. The recently completed work on PAT-SM6 supports the proof of concept that this can potentially be done using the CHO cell line.

It is anticipated that a partner may be identified by mid 2015.

#### Expansion of the discovery-stage pipeline and patent portfolio

Patrys' preclinical programs are important in continuing to gather intellectual property which will bring value to shareholders and generate awareness of the Patrys portfolio amongst potential future licensing partners.

Earlier this year Patrys entered into a collaboration with a global biotechnology company to genetically engineer T cells through the introduction of a chimeric antigen receptor (CAR). These engineered T cells have the ability to produce a more targeted and potent attack against cancer cells. Many major pharmaceutical and biotechnology companies are engaged in CAR research and many clinical trials using these modified T cells are now underway. Although early data from these trials look promising, it is acknowledged by experts in the field that engineered T cells directed against novel anti-cancer targets are required.

All of Patrys' IgM antibodies in both clinical and preclinical development are directed against novel anti-cancer targets. Therefore, in this CAR project, parts of these IgM antibodies are being utilised to generate genetically engineered T cells (CAR constructs) which, in turn, will be used to attack and kill cancer cells expressing the novel target.

To date CAR constructs have been developed for 2 products in Patrys' pipeline. Cell surface expression has been confirmed and T-cell activation assays are underway. Feasibility studies are now being conducted and if the data is positive the collaboration will be extended.

The Company has successfully completed the process development for PAT-LM1 and will continue with the scale-up portion of the development / manufacturing plan when additional funds are available. In addition the Company announced the grant of a new patent in Australia for PAT-LM1.

During the period Patrys has also continued its collaboration with Monash University, Melbourne, investigating 4 early-stage anti-cancer IgM antibodies and their cellular targets. Novel anti-cancer antibodies and their targets are highly sought-after and are likely to bring additional substantial value to the Patrys pipeline.

#### Broadening the composition of the board

In October 2014 the Managing Director and Chief Executive Officer, Dr. Marie Roskrow left the Company following her resignation. The Board have appointed Mr. Roger McPherson, the Chief Financial Officer and Company Secretary as interim CEO while they conduct a recruitment project for a permanent replacement.

In November 2014, the Company announced that it had appointed Dr. James Campbell to the Board as a Non-Executive Director. Dr. Campbell has more than 20 years of international biotechnology research, management and leadership experience and has been involved in the creation and/or transformation of several Australian and international biotechnology companies. This appointment strengthens the Board of Patrys as it progresses the clinical development and partnering efforts for its pipeline of clinical and pre-clinical assets.

### **3. Financial and Treasury Activities**

The financial results of the Group for the six months ended 31 December 2014 are summarised as follows:

- The Group produced a loss from ordinary activities before income tax of \$2,686,538 (2013: \$3,251,642) mainly reflecting advancement of the clinical programme with the manufacturing of product for the planned clinical trial. The net loss after tax was \$2,688,850 (2013: \$3,258,554). Before interest, tax, depreciation and amortisation the net loss for the period was \$2,496,570 (2013: \$3,050,183).
- Revenues generated for the current period of \$1,225,767 include interest income, a R&D Tax Incentive, insurance recoveries and foreign currency gains. Revenues of \$720,611 for the corresponding period last year included interest income, a R&D Tax Incentive and foreign currency gains.
- Research and development costs of \$3,301,718 (2013: \$3,103,508) have been expensed in the period in which they have been incurred. These costs are primarily related to manufacturing of the PAT-SM6 materials for the upcoming clinical trial. Management and administration costs contribute a further \$610,587 (2013: \$868,745) to expenses from continuing operations, these costs decreased due to tight management controls with the overall reduction of group overhead.
- The Group's cash at balance date was \$5,446,946.

#### **4. Events Subsequent to 31 December 2014**

On 4 February 2015 the Company announced that results from the PAT-SM6 Phase I/IIa Multiple Myeloma clinical trial had been published in the peer reviewed journal *Haematologica* providing further validation of PAT-SM6 as a treatment for multiple myeloma.

On 6 February 2015 the Company announced that there would be a further delay in the commencement of its next clinical trial due to manufacturing issues.

On 18 February 2015 the Company announced that a further PAT-SM6 patent had been granted in Europe that offers protection through to November 2027.

No other subsequent event to the date of this report has a material impact on this financial report or on the financial forecasts of the Group.

#### **5. 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 25 February 2015.

A handwritten signature in dark ink, appearing to be 'John Read', written over a light grey rectangular background.

**John Read  
Chairman**

## DECLARATION OF INDEPENDENCE BY DAVID GARVEY TO THE DIRECTORS OF PATRYS LIMITED

As lead auditor for the review of Patrys Limited for the half-year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been:

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

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



David Garvey

Partner

**BDO East Coast Partnership**

Melbourne, 25 February 2015

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

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

	Note	Half year	
		31 December	31 December
		2014	2013
		\$	\$
Revenue from continuing operations	2	1,225,767	720,611
Expense from continuing operations	3	<b>(3,912,305)</b>	(3,972,253)
Loss from continuing operations before tax		<b>2,686,538</b>	3,251,642
Income tax expense		2,312	6,912
<b>Loss for the period from continuing operations after income tax</b>		<b>2,688,850</b>	<b>3,258,554</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
➤ Exchange differences on translating foreign operations	7a	<b>(9,760)</b>	(35,411)
<b>Total comprehensive loss for the period attributable to members of the Company</b>		<b>2,679,090</b>	<b>3,223,143</b>
<b>Earnings per share:</b>			
Earnings per share (cents per share)		<b>(0.39)¢</b>	(0.62)¢
Diluted earnings per share (cents per share)		<b>(0.39)¢</b>	(0.62)¢

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

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2014**

	Note	31 December 2014 \$	30 June 2014 \$
<b>Current assets</b>			
Cash and cash equivalents		5,446,946	8,643,507
Trade and other receivables		13,704	74,187
Other		57,129	109,267
<b>Total current assets</b>		<b>5,517,779</b>	<b>8,826,961</b>
<b>Non-current assets</b>			
Property, plant and equipment		236,931	251,115
Intangible assets	5	5,559,109	5,735,622
<b>Total non-current assets</b>		<b>5,796,040</b>	<b>5,986,737</b>
<b>Total assets</b>		<b>11,313,819</b>	<b>14,813,698</b>
<b>Current liabilities</b>			
Trade and other payables		1,439,344	2,143,821
Current tax liabilities		-	-
Derivative financial liabilities		15,310	40,607
Provisions		57,216	151,705
<b>Total current liabilities</b>		<b>1,511,870</b>	<b>2,336,133</b>
<b>Non-current liabilities</b>			
Provisions		47,302	43,296
<b>Total non-current liabilities</b>		<b>47,302</b>	<b>43,296</b>
<b>Total liabilities</b>		<b>1,559,172</b>	<b>2,379,429</b>
<b>Net assets</b>		<b>9,754,647</b>	<b>12,434,269</b>
<b>Equity</b>			
Contributed equity	6	59,675,971	59,675,971
Reserves	7	478,091	468,863
Accumulated losses	8	(50,399,415)	(47,710,565)
<b>Total equity</b>		<b>9,754,647</b>	<b>12,434,269</b>

The above consolidated statement of financial position 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 2014**

	Fully paid ordinary shares	Foreign currency translation reserve	Share option reserve	Share loan plan reserve	Accumulated losses	Total
<b>2014</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
At 1 July 2014	59,675,971	(46,463)	228,252	287,074	(47,710,565)	12,434,269
Loss for the period	-	-	-	-	(2,688,850)	(2,688,850)
Other comprehensive income	-	9,760	-	-	-	9,760
Total comprehensive income/(loss) for the period	-	9,760	-	-	(2,688,850)	(2,679,090)
Transactions with owners in their capacity as owners:						
Cost of share based payment	-	-	(1,089)	557	-	(532)
<b>At 31 December 2014</b>	<b>59,675,971</b>	<b>(36,703)</b>	<b>227,163</b>	<b>287,631</b>	<b>(50,399,415)</b>	<b>9,754,647</b>
<b>2013</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
At 1 July 2013	50,712,575	(56,323)	1,048,958	297,228	(41,229,836)	10,772,602
Loss for the period	-	-	-	-	(3,258,554)	(3,258,554)
Other comprehensive income	-	35,411	-	-	-	35,411
Total comprehensive income/(loss) for the period	-	35,411	-	-	(3,258,554)	(3,223,143)
Transactions with owners in their capacity as owners:						
Issued capital	7,040,136	-	-	-	-	7,040,136
Re-allocation of value of options exercised during the period	118,058	-	(118,058)	-	-	-
Re-allocation of value of expired options	-	-	(570,403)	-	570,403	-
Transaction costs related to shares issued	(387,596)	-	-	-	-	(387,596)
Cost of share based payment	-	-	4,180	6,314	-	10,494
<b>At 31 December 2013</b>	<b>57,483,173</b>	<b>(20,912)</b>	<b>364,677</b>	<b>303,542</b>	<b>(43,917,987)</b>	<b>14,212,493</b>

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

**PATRY'S LIMITED AND CONTROLLED ENTITIES**  
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**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

	Half year	
	31 December 2014	31 December 2013
	2014	2013
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from other debtors	74,832	-
R&D tax incentive	819,956	582,595
Payments to suppliers and employees (inclusive of goods and services tax)	(4,373,047)	(2,456,273)
Interest received	111,372	80,883
Taxes paid	896	(4,404)
<b>Net cash flows used in operating activities</b>	<b>(3,365,991)</b>	<b>(1,797,199)</b>
<b>Cash flows from investing activities</b>		
Investment in patents and licences	(103,729)	(34,935)
Investment in property, plant and equipment	(1,836)	-
<b>Net cash flows used in investing activities</b>	<b>(105,565)</b>	<b>(34,935)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of securities	-	7,040,136
Payment of share issue costs	-	-
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>7,040,136</b>
<b>Net decrease in cash held</b>	<b>(3,471,556)</b>	<b>5,208,002</b>
Cash and cash equivalents at beginning of the half year	8,643,507	5,232,298
Effect of exchange rate movements	274,995	(122,673)
<b>Cash and cash equivalents at end of the half year</b>	<b>5,446,946</b>	<b>10,317,627</b>

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

**Note 1a: Statement of compliance**

The financial report of Patrys Limited for the half year ended 31 December 2014 was authorised for issue in accordance with a resolution of the Directors on 25 February 2015. Patrys Limited is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange.

The principal activity of the Company and its subsidiaries ("Group") during the half year was associated with utilising its technologies with the objective to develop natural human antibody therapeutics to administer as treatments to fight cancer.

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 '*Interim Financial Reporting*'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 '*Interim Financial Reporting*'. The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report, together with any public announcements made by Patrys Limited.

The Group has adopted applicable new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2014. Adoption of the Standards did not have any effect on the financial position or performance of the Group.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those of the previous financial year and corresponding interim reporting period.

**Note 1b: Going concern**

The financial statements have been prepared on a going concern basis.

For the half year ended 31 December 2014, the Group incurred a loss from continuing operations after income tax of \$2,688,850 (2013: \$3,258,554) and had consolidated net cash outflows from operations of \$3,365,991 (2013 \$1,797,199). The Group does not yet have a source of income sufficient to meet operating costs and is reliant on equity capital to fund its operations. For the period covering the twelve months from the date of the financial report, the Group expects this trend to continue. These conditions indicate a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

At 31 December 2014, the Group had net current assets of \$4,005,909 (2013: \$6,490,828).

The ability of the Group to continue as a going concern is dependent upon a number of factors, one being the continuation and availability of funds. The Group has a history of successfully raising funds and during the 2014 financial year raised capital in the amount of \$9,240,136, before costs (2013: \$1,863,200). It is the Company's intention to raise further capital in the next twelve months. The Group also has the ability to downscale its operations and discontinue programmes should the need arise.

Cash flow forecasts prepared by management demonstrate that with a modest fund raising the Group has sufficient funds to meet commitments over the next twelve months. For this reason the financial statements have been prepared on the basis that the Group is a going concern, which contemplates normal business activity, realisation of assets and the settlement of liabilities in the normal course of business.

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.

**Note 2: Revenue from continuing operations**

	Half year	
	31 December 2014	31 December 2013
	\$	\$
<b>Other income</b>		
Interest revenue	75,374	68,552
R&D tax incentive/concession	819,956	582,595
Foreign currency gain	255,605	69,464
Insurance recoveries	72,332	-
Other	2,500	-
	1,225,767	720,611

PATRY'S LIMITED AND CONTROLLED ENTITIES

ABN 97 123 055 363

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

Note 3: Expenses from continuing operations	Half year	
	31 December 2014	31 December 2013
	\$	\$
Research and development	3,301,718	3,103,508
Management and administration	610,587	868,745
	<u>3,912,305</u>	<u>3,972,253</u>

The expenses above include the following specific items:

Depreciation – plant and equipment	20,687	22,345
Amortisation and impairment – intellectual property	244,656	247,667
Loss on disposal – plant and equipment	686	-
Rental expense related to operating leases	22,873	23,010
<i>Employee benefit expenses:</i>		
Defined contribution superannuation expense	42,917	40,618
Expenses of share based payments	(1,726)	10,129
Wages and other employee benefit expenses	622,746	663,162

Note 4: Operating segments

A segment is a component of the consolidated entity that engages in business activities to provide products or services within a particular economic environment. The consolidated entity operates in one business segment, being the conduct of research and development activities in the biopharmaceutical sector. The Board of Directors assess the operating performance of the group based on management reports that are prepared on this basis. The group has established activities in more than one geographical area, however these activities support the research and development conducted by the consolidated entity and are considered immaterial for the purposes of segment reporting. The group invests excess funds in short term deposits but this is not regarded as being a separate segment.

Note 5: Intangible assets

	31 December 2014	30 June 2014
Intellectual property establishment and acquisitions at cost (ii)	11,302,346	11,234,203
Less: Accumulated amortisation and impairment losses	(5,743,237)	(5,498,581)
	<u>5,559,109</u>	<u>5,735,622</u>

Movements in the carrying amounts for intellectual property between the beginning and the end of the current financial period

Carrying amount at 1 July	5,735,622	6,128,632
Additions - acquisitions	68,143	107,348
Amortisation and impairment expense (i)	(244,656)	(500,358)
Carrying amount at the end of period	<u>5,559,109</u>	<u>5,735,622</u>

- (i) The expense is included in the line item "research and development".
- (ii) Intangible assets comprise licences, intellectual property, registered patents and trademarks, have a finite useful life and are recorded at cost. Amortisation is calculated using straight line method over the estimated useful life, which range from 5 to 20 years. Remaining amortisation periods range from 3 to 18 years.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

**Note 6: Contributed equity**

	<b>31 December 2014</b>	
	<b>No.</b>	<b>\$</b>
Opening balance 1 July 2014	<b>697,060,986</b>	<b>59,675,971</b>
Closing balance 31 December 2014	<b>697,060,986</b>	<b>59,675,971</b>
<hr/>		
	<b>30 June 2014</b>	
	<b>No.</b>	<b>\$</b>
Opening balance 1 July 2013	507,362,177	50,712,575
Shares issued under rights issue at 5 cents per share	153,202,727	7,660,136
Shares issued on exercise of options at 5 cents per share	31,600,000	1,580,000
Value of shares issued to Financial Advisors	4,596,082	229,804
Shares issued under the Loan Share Plan	300,000	-
Re-allocation of value of options exercised during the period	-	118,058
Transaction costs in relation to shares issued	-	(624,602)
Closing balance 30 June 2014	<b>697,060,986</b>	<b>59,675,971</b>

**Note 7: Reserves**

	<b>31 December</b>	<b>30 June</b>
	<b>2014</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Foreign currency translation reserve	(a) <b>(36,703)</b>	(46,463)
Share options reserve	(b) <b>227,163</b>	228,252
Share loan plan reserve	(c) <b>287,631</b>	287,074
	<b>478,091</b>	<b>468,863</b>

**(a) Foreign currency translation reserve**

Opening balance 1 July	<b>(46,463)</b>	(56,323)
Net adjustment arising from the translation of foreign controlled entities' financial statements	<b>9,760</b>	9,860
De-recognition of foreign currency reserve	-	-
Closing balance	<b>(36,703)</b>	<b>(46,463)</b>

**(b) Share options reserve**

Opening balance 1 July	<b>228,252</b>	1,048,958
Value of options issued under the Employee Share Option Plan (recognised over vesting period)	<b>(1,089)</b>	9,829
Value of options granted to financial advisors	-	75,440
Re-allocation of value of options exercised during the period	-	(118,058)
Re-allocation of value of expired options	-	(787,917)
Closing balance	<b>227,163</b>	<b>228,252</b>

**(c) Share loan plan reserve**

Opening balance 1 July	<b>287,074</b>	297,228
Value of shares issued under the Loan Share Plan (recognised over vesting period)	<b>557</b>	10,290
Re-allocation of value of cancelled shares	-	(20,444)
Closing balance	<b>287,631</b>	<b>287,074</b>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

<b>Note 8: Movement in accumulated losses</b>	<b>31 December</b>	<b>30 June</b>
	<b>2014</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Opening balance 1 July	<b>(47,710,565)</b>	(41,229,836)
Re-allocation of value of expired options	-	808,361
Net loss attributable to the members of the parent entity for the period	<b>(2,688,850)</b>	(7,289,090)
Closing balance	<b><u>(50,399,415)</u></b>	<b><u>(47,710,565)</u></b>

**Note 9: Commitments and contingencies**

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

*Patry's Supplier Arrangements*

As at balance date, to the extent that work had been completed, expenditure has been provided for in the accounts. Committed but unrecognised expenditure as at balance date amounted to \$346,020 (2013: \$555,431).

**Note 10: Events subsequent to reporting date**

On 4 February 2015 the Company announced that results from the PAT-SM6 Phase IIIa Multiple Myeloma clinical trial had been published in the peer reviewed journal *Haematologica* providing further validation of PAT-SM6 as a treatment for multiple myeloma.

On 6 February 2015 the Company announced that there would be a further delay in the commencement of its next clinical trial due to manufacturing issues.

On 18 February 2015 the Company announced that a further PAT-SM6 patent had been granted in Europe that offers protection through to November 2027.

No other significant events have arisen subsequent to 31 December 2014 which require disclosure in the half year report.

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

**DIRECTORS' DECLARATION**

In the Directors' opinion:

the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporate Regulations 2001 and other mandatory professional reporting requirements;

- a) the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the financial half-year ended on that date; 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.

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

On behalf of the directors



**John Read**  
**Chairman**

Dated this 25th day of February 2015

## **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, which comprises the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising Patrys Limited and the entities it controlled at the half-year's end or from time to time during the half-year.

#### **Directors' Responsibility for the Half-Year Financial Report**

The directors of the disclosing entity 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 consolidated entity's financial position as at 31 December 2014 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 Limited, 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 Patrys Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

### Conclusion

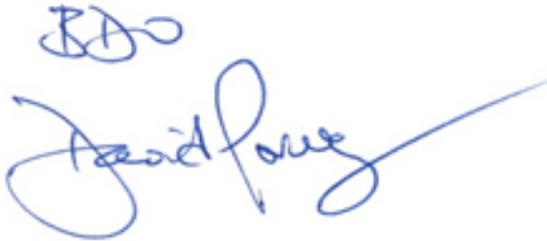
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Patrys Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

### Emphasis of matter

Without modifying our conclusion, we draw attention to Note 1b in the half-year financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity. These conditions, along with other matters as set out in Note 1b, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

### BDO East Coast Partnership



David Garvey  
Partner

Melbourne, 25 February 2015