

Patrys Limited
Appendix 4D
Half-year report

1. Company details

Name of entity: Patrys Limited
ABN: 97 123 055 363
Reporting period: For the half-year ended 31 December 2015
Previous period: For the half-year ended 31 December 2014

2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	44.0% to	686,249
Loss from ordinary activities after tax attributable to the owners of Patrys Limited	down	78.5% to	(577,214)
Loss for the half-year attributable to the owners of Patrys Limited	down	78.5% to	(577,214)

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 \$577,214 (31 December 2014: \$2,688,850).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>0.49</u>	<u>0.57</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. 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.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

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

Not applicable.

10. Audit qualification or review

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

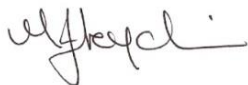
The financial statements were subject to a review by the auditors and the review report is attached as part of the Half-year financial report.

11. Attachments

Details of attachments (if any):

The Half-year financial report of Patrys Limited for the half-year ended 31 December 2015 is attached.

12. Signed



Melanie Leydin
Company Secretary

Date: 24 February 2016

Patrys Limited

ABN 97 123 055 363

Half-year financial report - 31 December 2015

Patrys Limited
Corporate directory
31 December 2015

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
Principal place of business	Level 6, Equitable House Suite 614 343 Little Collins Street Melbourne VIC 3000
Auditor	BDO Level 14, 140 William Street Melbourne VIC 3000 GPO Box 5099 Melbourne VIC 3001 Australia
Stock exchange listing	Patrys Limited shares are listed on the Australian Securities Exchange (ASX code: PAB)

Patrys Limited
Directors' report
31 December 2015

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') 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 2015.

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 natural human antibody-based therapeutic products for the treatment of cancer

Review of operations

Financial review

The loss for the consolidated entity after providing for income tax amounted to \$577,214 (31 December 2014: \$2,688,850).

Strategic review

During the six months to December 31 2015, the Company completed a review of its existing programs and assets and evaluated more than 40 projects and companies as potential acquisitions. Assets were evaluated against a range of parameters including potential for shareholder value creation, scientific novelty, intellectual property position, commercial potential, regulatory path and manufacturing path.

Business development

During the six months to December 31 2015, Patrys completed the out-licensing agreement for PAT-SC1 with the integrated Chinese drug development company, Hefei Co-source Biomedical, and received the first of multiple potential milestone payments associated with the transaction. Subsequent payments under this agreement are subject to the attainment of prescribed milestones.

The license agreement covers the exclusive development and commercialisation rights for all oncology indications in China for PAT-SC1. Specific financial details of the agreement are confidential, but are on par for similar transactions of this type in this territory, including potential back-loaded payments, sharing of revenue and double digit royalties on end sales.

Clinical development

Patrys had planned to commence a phase 1b/2a clinical trial evaluating the effectiveness of PAT-SM6 in combination with carfilzomib in patients with relapsed and refractory multiple myeloma at two sites in Germany. As previously announced, the Company has experienced issues with the manufacturer contracted to produce the PAT-SM6 antibody product, and the Company will not be able to initiate the proposed clinical trial in 2016.

The Company is seeking to progress the development of PAT-SM6 and its other IgM assets on a risk sharing basis, and is working to cost effectively advance these programs.

Pre-clinical development of IgM assets

Patrys has had a substantial portfolio of pre-clinical programs over recent years, and several of these were completed in 2015. The CAR-T program performed by a European development company was completed and a decision was made that further development was not warranted. Similarly, the research collaboration with Monash University has been concluded.

A research collaboration with Macquarie University is ongoing, and will conclude in 2016.

Corporate restructuring

After completing a review of its corporate structure and overheads the Company closed its German facility in November 2015. Also during the period, Mr Roger McPherson retired as Chief Operating Officer and Company Secretary, and was replaced by Ms Melanie Leydin.

**Patrys Limited
Directors' report
31 December 2015**

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

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 on the following page.

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

24 February 2016

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 2015, 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, 24 February 2016

Patrys Limited
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31 December 2015

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Patrys Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2015

		Consolidated	
	Note	31 December 2015 \$	31 December 2014 \$
Revenue	3	686,249	1,225,767
Expenses			
Research & Development Expenses		(672,260)	(3,301,718)
Administration & Management Expenses		(591,203)	(610,587)
		<u>(1,263,463)</u>	<u>(3,912,305)</u>
Loss before income tax expense		(577,214)	(2,686,538)
Income tax expense		-	(2,312)
		<u>(577,214)</u>	<u>(2,688,850)</u>
Loss after income tax expense for the half-year attributable to the owners of Patrys Limited		(577,214)	(2,688,850)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations		10,831	9,760
Other comprehensive income for the half-year, net of tax		10,831	9,760
		<u>10,831</u>	<u>9,760</u>
Total comprehensive income for the half-year attributable to the owners of Patrys Limited		<u>(566,383)</u>	<u>(2,679,090)</u>
		Cents	Cents
Basic earnings per share		(0.08)	(0.39)
Diluted earnings per share		(0.08)	(0.39)

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 2015

	Consolidated	
	31 December	30 June
Note	2015	2015
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	4,011,076	4,646,527
Trade and other receivables	65,495	13,325
Other	28,304	33,937
Total current assets	<u>4,104,875</u>	<u>4,693,789</u>
Non-current assets		
Property, plant and equipment	7,063	78,834
Total non-current assets	<u>7,063</u>	<u>78,834</u>
Total assets	<u>4,111,938</u>	<u>4,772,623</u>
Liabilities		
Current liabilities		
Trade and other payables	658,636	668,905
Employee benefits	24,919	77,418
Total current liabilities	<u>683,555</u>	<u>746,323</u>
Non-current liabilities		
Employee benefits	21,355	55,960
Total non-current liabilities	<u>21,355</u>	<u>55,960</u>
Total liabilities	<u>704,910</u>	<u>802,283</u>
Net assets	<u>3,407,028</u>	<u>3,970,340</u>
Equity		
Issued capital	59,675,971	59,675,971
Reserves	304,722	397,124
Accumulated losses	(56,573,665)	(56,102,755)
Total equity	<u>3,407,028</u>	<u>3,970,340</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 2015

Consolidated	Issued capital \$	Foreign currency translation reserve \$	Share option reserve \$	Share loan plan reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2014	59,675,971	(46,463)	228,252	287,074	(47,710,565)	12,434,269
Loss after income tax expense for the half-year	-	-	-	-	(2,688,850)	(2,688,850)
Other comprehensive income for the half-year, net of tax	-	9,760	-	-	-	9,760
Total comprehensive income for the half-year	-	9,760	-	-	(2,688,850)	(2,679,090)
<i>Transactions with owners in their capacity as owners:</i>						
Cost of share based payments	-	-	(1,089)	557	-	(532)
Balance at 31 December 2014	<u>59,675,971</u>	<u>(36,703)</u>	<u>227,163</u>	<u>287,631</u>	<u>(50,399,415)</u>	<u>9,754,647</u>

Consolidated	Issued capital \$	Foreign currency translation reserve \$	Share option reserve \$	Share loan plan reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2015	59,675,971	(43,931)	167,008	274,047	(56,102,755)	3,970,340
Loss after income tax expense for the half-year	-	-	-	-	(577,214)	(577,214)
Other comprehensive income for the half-year, net of tax	-	26,058	-	-	(15,227)	10,831
Total comprehensive income for the half-year	-	26,058	-	-	(592,441)	(566,383)
<i>Transactions with owners in their capacity as owners:</i>						
Share-based payments	-	-	1,892	1,179	-	3,071
Reallocation of value of expired and cancelled equity	-	-	(46,385)	(75,146)	121,531	-
Balance at 31 December 2015	<u>59,675,971</u>	<u>(17,873)</u>	<u>122,515</u>	<u>200,080</u>	<u>(56,573,665)</u>	<u>3,407,028</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 2015

	Consolidated	
	31 December	31 December
	2015	2014
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(1,427,544)	(4,373,047)
Interest received	41,584	111,372
Other revenue	535,837	894,788
Income taxes paid	-	896
	<u> </u>	<u> </u>
Net cash used in operating activities	(850,123)	(3,365,991)
Cash flows from investing activities		
Payments for investments	-	(103,729)
Payments for property, plant and equipment	-	(1,836)
Proceeds from disposal of property, plant and equipment	80,629	-
	<u> </u>	<u> </u>
Net cash from/(used in) investing activities	80,629	(105,565)
Cash flows from financing activities		
Net cash from financing activities	-	-
	<u> </u>	<u> </u>
Net decrease in cash and cash equivalents	(769,494)	(3,471,556)
Cash and cash equivalents at the beginning of the financial half-year	4,646,527	8,643,507
Effects of exchange rate changes on cash and cash equivalents	134,043	274,995
	<u> </u>	<u> </u>
Cash and cash equivalents at the end of the financial half-year	<u>4,011,076</u>	<u>5,446,946</u>

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

Patrys Limited
Notes to the financial statements
31 December 2015

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. Its registered office and principal place of business are:

Registered office

Level 4
100 Albert Road
South Melbourne, VIC 3205

Principal place of business

Level 6, Equitable House
Suite 614
343 Little Collins Street
Melbourne VIC 3000

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 24 February 2016.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2015 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 2015 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, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

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 2015, the Group had net current assets of \$3,421,320 (30 June 2015: \$3,947,466);
- 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 8 years.

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.

Patrys Limited
Notes to the financial statements
31 December 2015

Note 3. Revenue

	Consolidated	
	31 December 2015	31 December 2014
	\$	\$
Revenue from Contracts	274,970	-
R&D tax concession	260,867	819,956
Interest income	41,584	75,374
Other income	9,815	74,832
Foreign currency gain	99,013	255,605
	<u>686,249</u>	<u>1,225,767</u>

Note 4. Equity - reserves

	Consolidated	
	31 December 2015	30 June 2015
	\$	\$
Foreign currency reserve	(17,873)	(43,931)
Share plan reserve	322,595	441,055
	<u>304,722</u>	<u>397,124</u>

Movements in reserves

Movements in each class of reserve during the current financial half-year are set out below:

Consolidated	Share loan plan reserve \$	Share option reserve \$	Foreign exchange translation reserve \$	Total \$
Balance at 1 July 2015	274,047	167,008	(43,931)	397,124
Foreign currency translation	-	-	26,058	26,058
Value of options issued under the Employee Share Option Plan (recognised over vesting period)	-	1,892	-	1,892
Value of shares recognised over vesting period	1,179	-	-	1,179
Re-allocation of value of expired options	-	(46,385)	-	(46,385)
Re-allocation of cancelled shares	(75,146)	-	-	(75,146)
	<u>200,080</u>	<u>122,515</u>	<u>(17,873)</u>	<u>304,722</u>

Note 5. Equity - dividends

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

Note 6. Events after the reporting period

No matter or circumstance has arisen since 31 December 2015 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.

Patrys Limited
Directors' declaration
31 December 2015

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 2015 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

24 February 2016

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 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company 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 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 consolidated entity's financial position as at 31 December 2015 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 2015 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*

BDO East Coast Partnership

A handwritten signature in blue ink that reads 'David Garvey'.

David Garvey

Partner

Melbourne, 24 February 2016