ASX & Media Release

Commentary on Preliminary Final Report

Melbourne, Australia; 28 August, 2015: Patrys Limited **(ASX: PAB)** announces its financial results and provides an overview of operations for the year ended 30 June 2015.

Operations:

Given the therapeutic responses observed in patients treated with PAT-SM6 and PAT-SC1, in the clinic, Patrys remains committed to identifying a pathway to realise the potential of IgMs. The Company is reviewing its strategy moving forward in regard to IgMs, including the potential for process improvements based on lessons learned from recent manufacturing variances. Therefore the Group has a number of options open to it which it is currently investigating. These include:

- undertake process redevelopment work and then manufacture sufficient material to conduct a clinical trial with PAT-SM6;
- seek to out-licence the product once the process redevelopment work is completed but prior to actually manufacturing product for a further clinical trial;
- seek to out-licence the product now without having a robust manufacturing process in place (similar to what has occurred with PAT-SC1); or
- seek to partner process redevelopment work with a third party that will bear the costs and risks of this program for a share in the future upside. Once the product has been successfully manufactured the Group could then seek to conduct a further clinical trial itself.

These and other alternatives are being explored. The funding requirements of the Group will vary depending on which strategy is undertaken. While the Directors believe that there is significant value in the Intellectual Property which the Group will be able to realise in future periods, in accordance with AASB 136 Impairment of Assets, given the uncertainty that is present at this point in regard to process redevelopment and a definitive commercialisation strategy, they have determined that the Group should undertake a conservative approach and fully impair these assets.

In June 2015, Patrys announced that it had entered into a binding termsheet with Hefei Co-source Biomedical Co. LTD (Hefei Co-source), a Chinese based company for the exclusive development and commercialisation rights for all oncology indications in China for PAT-SC1. Patrys and Hefei Co-source are finalising formal documents for this agreement. Patrys expects these documents to be executed and the upfront payment received prior to the end of September 2015. Patrys retains the right to develop and commercialise PAT-SC1 outside of China. The financial and other key terms of the transaction 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.

In November 2014, the Company announced that it had appointed Dr. James Campbell to the Board as a Non-Executive Director and then in April 2015 his appointment as Managing Director and CEO. This appointment strengthens the Board and management of Patrys as it progresses both the clinical development and partnering efforts for its pipeline of clinical and pre-clinical assets.

In addition to focussing on generating maximum shareholder value from the existing assets of the Group, Dr. Campbell is also exploring alternative strategies and other complementary assets with a view to maximising value creation and investor return.

Financial Performance:

The Group produced a loss from ordinary activities before income tax of $8.47 million, a 16.2% increase over the previous corresponding year in large part as a result of impairment writedowns. The Group's cash position at balance date was $4.6 million.

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

-Ends-

For further information, please contact:

Patrys Limited:
James Campbell
Chief Executive Officer
P: +61 3 9670 3273 or
info@patrys.com

Patrys Limited:
Roger McPherson
Chief Operating Officer
P: +61 3 9670 3273 or
info@patrys.com

PATRYS LIMITED

(ABN 97 123 055 363)

APPENDIX 4E

PRELIMINARY
FINAL REPORT

YEAR ENDED 30 JUNE 2015

CONTENTS

Appendix 4E	5
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 Preliminary Financial Statements	11

APPENDIX 4E

PATRYS LIMITED
ABN 97 123 055 363

PRELIMINARY FINAL REPORT

Current reporting period — **Year ended 30 June 2015**
Previous corresponding period — *Year ended 30 June 2014*

Results for announcement to the market

	$	% increase /(decrease) over previous corresponding period
Revenue from continuing activities	2,224,481	192.8
(Loss) from continuing activities after tax attributable to members	(8,470,382)	16.2
Net (loss) for the period attributable to members	(8,470,382)	16.2

Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend	N/A	N/A
Interim Dividend	N/A	N/A
Record date for determining entitlements to the dividends (if any)	N/A	

Brief explanation of any of the figures reported above necessary to enable the figures to be understood: N/A

Dividends

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

NTA Backing

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security (cents per share)	0.57 cents	1.0 cents

Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	N/A
Date control gained	N/A
Profit / (loss) from ordinary activities after tax of the controlled entity since the date in the current period on which control was acquired.	N/A
Profit / (loss) from ordinary activities after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period.	N/A

Loss of Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	N/A

Details of Associates and Joint Venture Entities

Name of Entity (or group of entities)	N/A

Foreign Entities Accounting Framework

For foreign entities provide details of which accounting standards have been adopted (e.g. International Accounting Standards) N/A

Audit/Review Status

This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited		The accounts are in the process of being audited	✓
If the accounts are subject to audit dispute or qualification, a description of the dispute or qualification: N/A			

Attachments Forming Part of Appendix 4E

Attachment #	**Details**
1	Statement of Profit or Loss and Other Comprehensive Income
2	Statement of Financial Position
3	Statement of Changes in Equity
4	Statement of Cash Flows
5	Notes to the Preliminary Final Report



Roger McPherson
Company Secretary
28 August 2015

PATRYS LIMITED
ABN 97 123 055 363
STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	Note	Consolidated 2015 $	Consolidated 2014 $
Revenues from continuing operations	2(a)	2,224,481	759,683
Other income	2(b)	378,772	-
Expenses from continuing operations			
Research & development	2(c)	(4,674,564)	(6,298,246)
Impairment	7	(5,358,615)	-
Management & administration		(1,033,566)	(1,742,366)
Loss from continuing operations before tax		(8,463,492)	(7,280,929)
Income tax (expense)		(6,890)	(8,161)
Loss for the year from continuing operations after income tax		**(8,470,382)**	**(7,289,090)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		2,532	9,860
	5(a)	**2,532**	**9,860**
Total comprehensive loss for the year attributable to members of the Company		**(8,467,850)**	**(7,279,230)**
Earnings per share:			
Basic loss per share - from continuing operations		(1.22¢)	(1.21¢)
Diluted loss per share - from continuing operations		(1.22¢)	(1.21¢)

The above consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

PATRYS LIMITED
ABN 97 123 055 363
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Note	Consolidated 2015 $	Consolidated 2014 $
Current assets			
Cash and cash equivalents	6	4,646,527	8,643,507
Trade and other receivables		13,325	74,187
Other current assets		33,937	109,267
Total current assets		**4,693,789**	**8,826,961**
Non-current assets			
Property, plant and equipment		78,834	251,115
Intangible assets	7	-	5,735,622
Total non-current assets		**78,834**	**5,986,737**
Total assets		**4,772,623**	**14,813,698**
Current liabilities			
Trade and other payables		668,905	2,143,821
Current tax liabilities		-	-
Derivative financial instruments		-	40,607
Employee benefits		77,418	151,705
Total current liabilities		**746,323**	**2,336,133**
Non-current liabilities			
Employee benefits		55,960	43,296
Total non-current liabilities		**55,960**	**43,296**
Total liabilities		**802,283**	**2,379,429**
Net assets		**3,970,340**	**12,434,269**
Equity			
Issued capital	4	59,675,971	59,675,971
Reserves	5	397,124	468,863
Accumulated losses	5	(56,102,755)	(47,710,565)
Total equity		**3,970,340**	**12,434,269**

The above consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

PATRYS LIMITED
ABN 97 123 055 363
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

Consolidated	Fully paid ordinary shares	Foreign currency translation reserve	Share option reserve	Share loan plan reserve	Accumulated losses	Total
2015	**$**	**$**	**$**	**$**	**$**	**$**
At 1 July 2014	**59,675,971**	**(46,463)**	**228,252**	**287,074**	**(47,710,565)**	**12,434,269**
Loss for the period	-	-	-	-	(8,470,382)	(8,470,382)
Other comprehensive income	-	2,532	-	-	-	2,532
Total comprehensive income/(loss) for the year	-	2,532	-	-	(8,470,382)	(8,467,850)
Transactions with owners in their capacity as owners:						
Re-allocation of value of expired and cancelled equity	-	-	(62,130)	(16,062)	78,192	-
Cost of share based payment	-	-	886	3,035	-	3,921
At 30 June 2015	**59,675,971**	**(43,931)**	**167,008**	**274,047**	**(56,102,755)**	**3,970,340**
2014	**$**	**$**	**$**	**$**	**$**	**$**
At 1 July 2013	**50,712,575**	**(56,323)**	**1,048,958**	**297,228**	**(41,229,836)**	**10,772,602**
Loss for the period	-	-	-	-	(7,289,090)	(7,289,090)
Other comprehensive income	-	9,860	-	-	-	9,860
Total comprehensive income/(loss) for the year	-	9,860	-	-	(7,289,090)	(7,279,230)
Transactions with owners in their capacity as owners:						
Issued capital	9,240,136	-	-	-	-	9,240,136
Re-allocation of value of options exercised during the period	118,058	-	(118,058)	-	-	-
Re-allocation of value of expired and cancelled equity	-	-	(787,917)	(20,444)	808,361	-
Transaction costs related to shares issued	(624,602)	-	75,440	-	-	(549,162)
Cost of share based payment	229,804	-	9,829	10,290	-	249,923
At 30 June 2014	**59,675,971**	**(46,463)**	**228,252**	**287,074**	**(47,710,565)**	**12,434,269**

The above consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

PATRYS LIMITED
ABN 97 123 055 363
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015

	Note	Consolidated 2015 $	Consolidated 2014 $
Cash flows from operating activities			
Payments to suppliers and employees inclusive of GST		(6,373,274)	(5,831,869)
Income tax paid		(1,983)	(3,321)
Interest received		165,524	163,362
R&D tax incentive		819,956	582,595
Government grants		2,500	-
Insurance recoveries		1,272,332	-
Other income		167	-
Net cash used in operating activities	6(b)	**(4,114,778)**	**(5,089,233)**
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		2,775	-
Payments for property, plant and equipment		(1,824)	-
Payments for intangible assets		(138,628)	(74,595)
Net cash used in investing activities		**(137,677)**	**(74,595)**
Cash flows from financing activities			
Net proceeds from issue of shares		-	9,240,136
Payment for share issue expenses		-	(319,358)
Net cash provided by financing activities		**-**	**8,920,778**
Net increase/(decrease) in cash and cash equivalents		(4,252,455)	3,756,950
Effects of exchange rate changes on the balance of assets held in foreign currencies		255,475	(345,741)
Cash and cash equivalent at beginning of year		8,643,507	5,232,298
Cash and cash equivalents at end of year	6(a)	**4,646,527**	**8,643,507**

The above consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

PATRYS LIMITED
ABN 97 123 055 363
NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

INTRODUCTION

The preliminary final report covers Patrys Limited and its controlled entities. This report is based on financial statements that are in the process of being audited.

NOTE 1: BASIS OF PREPARATION OF PRELIMINARY FINANCIAL REPORT

This preliminary financial report does not include all of the notes of the type normally included in an annual financial report. Accordingly, it should be read in conjunction with the Annual Report for the year ended 30 June 2014 and the financial report for the six months ended 31 December 2014 and any public announcements made by Patrys Limited during the year in accordance with continual disclosure requirements of the Corporations Act 2001. This preliminary final report has been prepared in accordance with the measurement and recognition requirements of Australian Accounting Standards, Accounting Interpretations and the Corporations Act 2001.

This preliminary financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for the assets. All amounts are presented in Australian dollars, unless otherwise noted. All values are rounded to the nearest dollar.

The accounting policies and methods of computation adopted in the preparation of the preliminary financial report are consistent with those adopted and disclosed in the company's annual financial report for the year ended 30 June 2014 and the half year ended 31 December 2014.

NOTE 2: REVENUE AND EXPENSES FROM CONTINUING OPERATIONS

	Consolidated	
	2015	*2014*
	$	*$*
(a) Revenue		
Interest received – bank deposits	129,526	177,088
R&D tax incentive	819,956	582,595
Insurance recoveries	1,272,332	-
Government grants	2,500	-
Other	167	-
Total revenue from continuing operations	**2,224,481**	**759,683**
(b) Other income		
Foreign currency exchange gain	378,772	-
(c) Expenses		
Employee salary and benefit expenses:		
Salary and employee benefit expenses	1,237,695	1,587,078
Defined contribution superannuation expenses	89,819	79,876
Share based payments	3,921	20,119
Total employee salary and benefit expenses	**1,331,435**	**1,687,073**
Depreciation, amortisation and impairment of non-current assets:		
Plant and equipment	110,159	44,442
License and registered patents	5,852,032	500,358
Total depreciation, amortisation and impairment expenses	**5,962,191**	**544,800**
Foreign currency exchange differences:		
Foreign currency exchange losses	-	155,537
Total foreign currency exchange differences	**-**	**155,537**
Operating expenses:		
Research and development expenses	4,674,564	6,298,246
Operating lease expenses	71,356	87,405
Loss on disposal of non-current assets	60,232	-

NOTE 3: SEGMENT INFORMATION

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 are not regarded as being a separate segment.

NOTE 4: CONTRIBUTED EQUITY

The Company does not have authorised capital nor par value in respect of its issued shares.

Ordinary shares participate in dividends and the proceeds on winding up of the Company in equal proportion to the number of shares held. At shareholder meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Movements in issued capital during the year were as follows:

	2015 **No.**	*2014* **No.**	*2015* **$**	*2014* **$**
Issued shares:				
At the beginning of the reporting period	697,060,986	507,362,177	59,675,971	50,712,575
Rights Issue shares issued at 5 cents per share	-	153,202,727	-	7,660,136
Shares issued on exercise of options	-	31,600,000	-	1,580,000
Re-allocation of value of options exercised during the period	-	-	-	118,058
Value of shares issued to Financial Advisors	-	4,596,082	-	229,804
Transaction costs arising on issue of shares	-	-	-	(624,602)
Shares issued pursuant to the Loan Share Plan (LSP) (refer Note 20(a))	-	300,000	-	-
Shares brought back pursuant to the LSP	(475,000)	-	-	-
At end of the reporting period	**696,585,986**	**697,060,986**	**59,675,971**	**59,675,971**
Issued shares are comprised as follows:				
Ordinary shares	692,058,901	692,058,901		
Restricted shares issued under the LSP	4,527,085	5,002,085		
Balance at end of the year	**696,585,986**	**697,060,986**		

NOTE 5: RESERVES AND ACCUMULATED LOSSES

	Note	**Consolidated** *2015* **$**	*2014* **$**
Foreign currency translation reserve	(a)	(43,931)	(46,463)
Share options reserve	(b)	167,008	228,252
Share loan plan reserve	(c)	274,047	287,074
Total reserves		**397,124**	**468,863**

NOTE 5: RESERVES AND ACCUMULATED LOSSES (CONT.)

(a) Foreign currency translation reserve

	Consolidated 2015 $	2014 $
Opening balance 1 July	(46,463)	(56,323)
Net adjustment arising from the translation of foreign controlled entities' financial statements	2,532	9,860
Closing balance	**(43,931)**	**(46,463)**

Exchange differences relating to translation from functional currencies of the Group's foreign controlled entities into Australian Dollars are bought to account by entries made directly to the foreign currency translation reserve. The foreign currency translation reserve in relation to Patrys Inc. was derecognised during the prior reporting period.

(b) Share option reserve

	Consolidated 2015 $	2014 $
Opening balance 1 July	228,252	1,048,958
Value of options issued under the Employee Share Option Plan (recognised over vesting period) [1]	886	9,829
Value of options granted to financial advisors [2]	-	75,440
Re-allocation of value of options exercised during the period	-	(118,058)
Re-allocation of value of expired options	(62,130)	(787,917)
Closing balance	**167,008**	**228,252**

(c) Share loan plan reserve

	Consolidated 2015 $	2014 $
Opening balance 1 July	287,074	297,228
Value of shares recognised over vesting period [1]	3,035	10,290
Re-allocation of value of cancelled shares	(16,062)	(20,444)
Closing balance	**274,047**	**287,074**

1. The equity settled employee benefits reserves arise on issue of equity under the Loan Share Plan or the Executive Share Option Plan to executives and senior employees. Amounts are transferred out of the reserves and into issued capital when the loans are repaid or the options are exercised. Amounts are transferred to accumulated losses when the shares or options are cancelled.

2. Following the Rights Issue announced on 13 November 2013, in accordance with ASX Listing Rule 6.22 all options were repriced. The adjustment to the value of the vested options (including the Financial Advisor options) was recognised in the prior year. The adjustment to the value of the unvested options is being recognised over the vesting period.

(d) Movement in accumulated losses

	Consolidated 2015 $	2014 $
Opening balance 1 July	(47,710,565)	(41,229,836)
Re-allocation of value of expired equity	78,192	808,361
Net loss attributable to the members of the parent entity for the period	(8,470,382)	(7,289,090)
Closing balance	**(56,102,755)**	**(47,710,565)**

NOTE 6: CASH FLOW INFORMATION

(a) Reconciliation of cash

	Consolidated 2015 $	2014 $
Cash at bank	16,136	26,143
Deposit at call	4,630,391	2,988,848
Term deposits	-	5,628,516
Total cash and cash equivalents	**4,646,527**	**8,643,507**

(b) Reconciliation of cash used in operating activities with loss after income tax

	Consolidated 2015 $	2014 $
Loss from continuing operations after income tax	(8,470,382)	(7,289,090)
Non cash movements:		
Depreciation, amortisation and impairment expense	5,962,191	544,800
Equity settled share based payment	3,921	20,119
Unrealised foreign exchange losses/(gains)	(292,610)	387,931
Loss on disposal of non-current assets	60,232	-
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	60,862	(21,841)
(Increase)/decrease in prepaid expenses	75,330	44,021
Increase/(decrease) in trade creditors and accruals	(1,452,698)	1,185,642
Increase/(decrease) in provisions	(61,624)	39,185
Cash used in operating activities	**(4,114,778)**	**(5,089,233)**

(c) Non cash financing and investing activities

There were no non cash financing activities during the year.

NOTE 7: INTANGIBLE ASSETS

	Consolidated 2015 $	2014 $
Intellectual property establishment and licenses acquired at cost (ii)	11,350,613	11,234,203
Less: Accumulated amortisation	(5,991,998)	(5,498,581)
Impairment losses (iii)	(5,358,615)	-
Total net intangible assets	**Nil**	**5,735,622**

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

Carrying amount at the beginning of year	5,735,622	6,128,632
Additions – acquisitions	116,410	107,348
Amortisation expense (i)	(493,417)	(500,358)
Impairment (iii)	(5,358,615)	-
Carrying amount at the end of year (iii)	**Nil**	**5,735,622**

(i) Amortisation and impairment expense is included in the line item 'research and development' in the statement of profit or loss and other comprehensive income.

(ii) Intangible assets comprise licences, intellectual property, trademarks and registered patents, have a finite useful life and are recorded at cost. Amortisation has been historically calculated using straight line method over the estimated useful life, which ranges from 5 to 20 years.

NOTE 7: INTANGIBLE ASSETS (CONT.)

(iii) Intellectual property which includes platform technology and product related intellectual property is reviewed on a regular basis and where a decision has been made not to pursue a product, the remaining value recorded as an asset is impaired. At balance date, the directors also review the intellectual property portfolio to determine whether there are any indicators of impairment related to intellectual property.

During the year the Group experienced a delay with the manufacturing of its lead product PAT-SM6 which is believed to be caused by a change in the formatting of one of the components used in the manufacturing process. In order to continue with the manufacturing of the product and ultimately conduct a clinical trial there is a need to undertake further process redevelopment. The Group has a number of options open to it which it is currently investigating. These include:

- undertake the process redevelopment work and then go on to manufacture sufficient material to conduct a clinical trial with PAT-SM6;
- seek to out-licence the product once the redevelopment process is completed but prior to actually manufacturing product for a further clinical trial;
- seek to out-licence the product now without having a robust manufacturing process in place (similar to what has occurred with PAT-SC1); or
- seek to outsource the process redevelopment work to a third party that will bear the costs and risks of this program for a share in the future upside. Once the product has been successfully manufactured the Group could then seek to conduct a further clinical trial itself.

These are a few of the alternatives that are being explored. The funding requirements of the Group will vary depending on which avenue is undertaken. While the Directors believe that there is significant value in the Intellectual Property which the Group will be able to realise in future periods, in accordance with AASB 136 Impairment of Assets, given the uncertainty that is present at this point in regard to process redevelopment and a definitive commercialisation strategy, they have determined that the Group should undertake a conservative approach and fully impair these assets.

NOTE 8 EVENTS AFTER BALANCE SHEET DATE

No matter or circumstance has arisen since 30 June 2015 that has significantly affected or may significantly affect: -

- Patrys Limited's operations in future financial years, or
- the results of those operations in future financial years, or
- Patrys Limited's state of affairs in future years.