PATRYS LIMITED

(ABN 97 123 055 363)

2015 ANNUAL REPORT

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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 ("the Group") for the year ended 30 June 2015.

Directors

The following persons were directors of the Company during the whole of the financial year and up to the date of this report:

Mr. John Read (Non-Executive Chairman)
Mr. Michael Stork (Non-Executive Director and Deputy Chairman)
Ms. Suzy Jones (Non-Executive Director)

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

Dr. James Campbell was appointed as a Non-Executive Director of the Company on 12 November 2014 and as the Managing Director and CEO on 13 April 2015.

Details of each director's qualifications and special responsibilities, together with meetings attended, are set forth in other parts of this report.

Company Secretary:

Mr. Roger McPherson.

Principal activities

The principal activities of Patrys, during the reporting period, relate to the commercialisation of the Group's proprietary technologies to develop natural human antibody-based therapeutic products for the treatment of cancer.

Review of 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 multiple myeloma. On 11 June 2015, the Company reported that the production run of PAT-SM6 had not produced an adequate mass of antibody that met release specifications and that the planned clinical trial was on hold. This followed announcements in November 2014 and February 2015.

Individual batches of product did not meet the pre-identified specifications of acceptable product, and there was batch-to-batch variation of specifications, meaning that individual batches could not be pooled as a single stock of IgM for clinical trials. The Company's independent advice was that the release specifications are too rigid for a product at this stage of development given the batch-to-batch variability. As the batches did not meet specification, the manufacturer informed Patrys that it would not release these batches of antibody for human use.

The Company is currently working with the manufacturer, its CMC Consultant and various specialist organisations in an effort to obtain advice regarding product quality and determine a potential path forward in regard to the required process redevelopment.

The Company may, subject to further advice, approach the scientific advisory board of the German regulator, the Paul Ehrlich Institut ("PEI") with data that is collected but based on advice from its CMC consultant, the Company believes this approach will have a low probability of success in getting approval to use the manufactured material in a clinical trial.

The production and development of antibodies is a complex, costly and lengthy process, and whilst these types of issues are not unusual it is nevertheless disappointing.

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.

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 summary

The financial results of the Group for the year ended 30 June 2015 are summarised as follows:

Statement of financial position:

- Cash and term deposits held of $4,646,527 (2014: $8,643,507) at reporting date. These funds will allow the Group to explore alternative strategies over the coming months.
- 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 $8,463,492 (2014: $7,280,929). The net loss after tax was $8,470,382 (2014: $7,289,090).
- Consolidated revenue including other income during the period was $2,224,481 (2014: $759,683). This revenue included interest of $129,526 (2014: $177,088), a R&D Tax Incentive of $819,956 (2014: $582,595) and insurance recoveries of $1,272,332 (2014: $Nil).
- Total consolidated operating expenses for the period were $11,066,745 (2014: $8,040,612).
- Research and development costs of $4,674,564 (2014: $6,298,246) have been expensed in the year in which they were incurred. The decrease in research and development costs over the previous year is primarily due to the delays encountered as a result of the manufacturing issues experienced by the Group during the year. In the past twelve months the Group has focussed on the PAT-SM6 clinical program and the out-licensing of PAT-SC1.
- Impairment costs in respect of intangible assets of $5,358,615 (2014: Nil) due to the full writedown of the Intellectual Property portfolio. 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 determined that the Group should undertake a conservative approach and fully impair these assets.
- Management and administration costs contributed a further $1,033,566 (2014: $1,742,366) to expenses from continuing operations. A majority of these management and administration costs were associated with the oversight of commercialisation, research and development activities of the Group. The reduction in these expenses was due to cost savings, including the six month period in which the CEO position was vacant as well as the impact of exchange rates.
- Basic and diluted net loss per share increased to 1.22¢ (2014: 1.21¢) due to a combination of an increase of the loss and an increase in the number of shares on issue.

Statement of cash flows:

- The Group's cash outflow from operations over the period was $4,114,778 (2014: $5,089,233).
- The decrease is due to the decreased investment in the PAT-SM6 clinical program, specifically the manufacturing of material.
- Patrys has converted funds at favourable exchange rates into US dollars and Euro to minimise the impact that any fluctuations in the exchange rate may have on internal and third party contract operations in the U.S and Europe.

DIRECTORS' REPORT

Business strategies and prospects

The Group's strategy is to develop its proprietary technologies to a point where they can be licensed to a pharmaceutical or biotech partner for further development and ultimately released to the market. Patrys would generate milestone payments and royalty revenues from a licencing deal.

As outlined earlier in this Directors' Report the Group is currently reviewing its strategy moving forward in regard to IgMs, including the potential for process improvements based on lessons learned from recent manufacturing variances. In addition the Group is exploring alternative strategies and other complementary assets with a view to maximising value creation and investor return.

Patrys has also recently entered into a binding termsheet, and expects to shortly complete definitive agreements, for the exclusive development and commercialisation rights for all oncology indications in China for PAT-SC1. The Company can now investigate alternative licensing arrangements for this asset in other markets.

Material business risks:

The Group is subject to a number of risks. The Board regularly reviews the possible impact of these risks and seeks to minimise this impact through a commitment to its corporate governance principles and risk management function. However, not all risks are manageable or within the control of the Group. The key business risks faced by the Group that are likely to have an effect on its future prospects include:

1. *Clinical Trials*

Clinical development of the Company's products may fail for a number of reasons including lack of efficacy, toxicity or adverse side effects. Failure can occur at any stage of the trials, requiring the Company to abandon or repeat clinical trials. The Company or the relevant regulatory authorities may suspend the Company's clinical trials at any time if it appears that the trials are exposing participants to unacceptable health risks.

2. *Manufacturing/production*

The Company has successfully manufactured product at a scale sufficient to conduct the clinical trials that have been undertaken to date. With any biological GMP process, however, there is inherent variability which cannot be controlled and therefore the yields of finished product can vary. The Company's production technologies have also not been tested at a scale sufficient to make commercial quantities of a product in the event that it proves successful and can be brought to market and are therefore subject to risk of failure or high costs.

3. *Out-licensing*

The Company is relying on its ability to be able to out-license its products at a time deemed appropriate. The biotechnology and pharmaceutical industries are highly competitive and numerous entities around the world compete with Patrys to discover, validate and commercialise therapeutic products or product candidates, particularly in cancer where competition is intense. The Company's competitors may discover and develop products in advance of the Company and/or products that are more effective than those developed by the Company. As a consequence, the Company may not be able to out-license its products or not be able to out-license its products for the desired returns, resulting in adverse effects on revenue and profitability.

4. *Sufficiency of funding*

The Group has limited financial resources and may need to raise additional funds from time to time to finance the development and commercialisation of its products and its other objectives. The Company's product development activities may never generate revenues and the Company may never achieve profitability. The Company's ability to raise funds in the future will be subject, among other things, to factors beyond the control of the Company and its Directors including cyclical factors affecting the economy and share markets generally. The Directors can give no assurance that future funds can be raised by the Company on favourable terms, if at all.

5. *Third party collaborations*

The Company has established and intends to continue to establish collaborative relationships to achieve its product development objectives. The Company does not have all the resources that it needs to internally develop its product candidates through full clinical development and to launch marketable products and relies on its ability to maintain and enter into collaborative and licensing relationships to achieve this objective, and relies on its collaborations to fulfil their responsibilities. Any failure by these collaborators to fulfil their responsibilities could adversely impact the Company.

Earnings per share

Earnings Per Share	*2015 Cents*	*2014 Cents*
Basic loss per share from continuing operations	(1.22)	(1.21)
Basic diluted loss per shares from continuing operations	(1.22)	(1.21)

Significant changes in state of affairs

Other than the delay to the planned clinical trial (detailed earlier in this report) there were no significant changes to the state of affairs of Patrys Limited and its controlled entities during the year.

DIRECTORS' REPORT

Likely developments and expected results of operations

Disclosure of information, in addition to that provided in this report, regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

Events since the end of the financial year

No other 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.

Dividends

No dividends were paid or declared during the course of the financial year and no dividends are recommended in respect to the financial year ended 30 June 2015.

Insurance and indemnification

During the financial year, the Company paid a premium in respect of a contract insuring the Directors and Company Secretary (as named above), and all executive officers of the Company against a liability incurred when acting in their capacity as a Director, Company Secretary or executive officer to the extent permitted by the Corporations Act 2001. Further disclosure required under section 300(9) of the Corporations Act 2001 is prohibited under the terms of the insurance contract.

Other than to the extent permitted by law, the Company has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or any other related body corporate against a liability incurred as such by an officer or auditor.

Meetings of directors

The number of meetings of the Company's Directors (including committee meetings of Directors) held during the year ended 30 June 2015 and the numbers of meetings attended by each Director were:

Director	*Board of Directors*		*Nomination & Remuneration Committee*		*Audit & Risk Committee*	
	Held and Eligible to Attend	*Attended*	*Held and Eligible to Attend*	*Attended*	*Held and Eligible to Attend*	*Attended*
John Read	16	15	3	3	3	3
Michael Stork	16	16	3	3	3	3
Suzy Jones	16	16	3	3	3	3
James Campbell[1,3]	9	9	-	1	-	2
Marie Roskrow[1,2]	5	5	-	1	-	1

1. James Campbell and Marie Roskrow were not members of the Nomination & Remuneration Committee or the Audit & Risk Committee but were invited to attend these meetings.
2. Marie Roskrow ceased to be a director on 29 October 2014.
3. James Campbell was appointed as a director on 12 November 2014.

Proceedings on behalf of the Company

No person has applied to the Court under Section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under Section 237 of the Corporations Act 2001.

DIRECTORS' REPORT

Information on directors and key management personnel in office during or since the end of the financial year and to the date of this report

Name and Position	Qualifications and Experience	Particulars of interests in shares and options of Patrys Limited		
		Shares	LSP* Shares	Options
Non-Executive Chairman John Read BSc (Hons), MBA, FAICD	Mr. Read is an experienced Chairman and Director in public, private and government organisations. Through his extensive career in venture capital, private equity and commercialisation he has gained a depth of experience in the formation and growth of emerging companies with an emphasis on commercial entities that provide broad societal benefits. He is currently the Chairman of CVC Limited (ASX: CVC), CVC Private Equity Limited and CVC Sustainable Investments Limited and was the Chairman of Pro-Pac Packaging Limited (ASX: PPG) from 2005 to 2010, The Environmental Group Limited (ASX:EGL) from 2001 to 2012 and the Central Coast Water Corporation from 2011 to 2014. Director of Patrys Limited since 29 May 2007. Other Directorships of listed companies over the past three years: The Environmental Group Ltd (from 2001 to 2012); and CVC Ltd (since 1989).	6,510,838	150,052	120,000
Managing Director and Chief Executive Officer James Campbell Ph.D, MBA	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. Dr. Campbell was previously the CFO and COO of ChemGenex Pharmaceuticals Limited (ASX:CXS). As a member of the ChemGenex executive team he helped transform a research-based company with a market capitalisation of $10M to a company with completed clinical trials and regulatory dossiers submitted to the FDA and EMA which was sold to Cephalon for $230M in 2011. More recently Dr. Campbell has guided the creation, through acquisition, of Invion Limited (ASX:IVX) and has assisted private biotechnology companies in New Zealand and the USA with capital raising, strategy and partnering negotiations. Director of Patrys Limited since 12 November 2014. Other Directorships of listed companies over the past three years: Invion Limited (from 2012) Medibio Limited and Prescient Therapeutics Limited (from 2014).	25,000	Nil	Nil
Non-Executive Director Michael Stork, BBA	Mr. Stork is the Managing Director of Stork Holdings 2010 Ltd, an original investor in Patrys. Mr. Stork was until 2004 Chairman of the Board for Dspfactory Ltd, a leading edge developer of digital signal processing (DSP) technology for various applications including hearing aids, headsets and personal digital audio players. Mr. Stork has also played key roles in the management team and the Board of Directors for Unitron Industries Ltd, a hearing aid manufacturing Company that was voted one of the 50 Best Managed Private Companies in Canada for 2000. Unitron was sold to Phonak Holdings AG, a publicly traded Swiss Company, in 2002. Director of Patrys Limited since 19 February 2007. Other Directorships of listed companies over the past three years: None. [#]*These shares are held by Stork Holdings 2010 Ltd. (95,731,764) The shares are held by a related trust which Michael Stork in his own right does not control.*	95,731,764[#]	Nil	60,000

DIRECTORS' REPORT

Name and Position	Qualifications and Experience	Particulars of interests in shares and options of Patrys Limited		
		Shares	LSP* Shares	Options
Non-Executive Director Suzy Jones	Ms. Jones is Founder and Managing Partner of DNA Ink LLC, a life sciences advisory and business development firm with clients in the United States, Germany, Israel and France. DNA Ink provides corporate strategic guidance to its clients leading to transactions that support corporate growth including licensing, M&A and fundraising transactions. Prior to starting her own firm, Ms. Jones spent 20 years at Genentech where she served in many roles including Interim Head of Partnering, Head of Business Development, Senior Project Manager and Research Associate. She managed several products during this time including Rituxan, the first monoclonal antibody launched to treat cancer. Ms. Jones has very extensive networks within pharmaceutical and biotech companies and the VC community in North America. Director of Patrys Limited since 15 December 2011. Other Directorships of listed companies over the past three years: None.	3,000,000	Nil	Nil
Former Managing Director and Chief Executive Officer Marie Roskrow BSc. (Hons), MBBS (Hons), Ph.D *Retired 29 October 2014*	Dr. Roskrow is a University of London-trained haematologist/oncologist who has held many high level clinical and research positions. She has extensive experience related to the early and later-stage clinical development of novel anti-cancer compounds and has earned many awards and honours for her work. Dr. Roskrow worked for several years in healthcare investment banking, most recently at Lazard Ltd. Director of Patrys Limited since 19 October 2011 until her retirement on 29 October 2014. Other Directorships of listed companies over the past three years: None.	N/A	Nil	Nil
Chief Operating Officer (Incorporating Chief Financial Officer and Company Secretary) Roger McPherson CPA, GAICD	Mr. McPherson has more than 20 years' experience in senior finance roles in a wide variety of industries. His early career included working with a Chartered Accounting practice and two years with the Australian Taxation Office. Before Patrys, Mr. McPherson was CFO and Company Secretary at eChoice Home Loans and was responsible for financial affairs and corporate administration. Mr. McPherson has over 15 years of biotechnology and pharmaceutical experience, encompassing four years with Cerylid Biosciences Limited as CFO and Company Secretary, in which capacity he provided strategic direction and information reporting as well as support for research and development activities. In addition, Mr. McPherson was part of Amrad Corporation Ltd. for 6 years in varying senior finance roles.	3,252,219	1,354,435	Nil

* Loan Share Plan - refer to Remuneration Report – Note F for details

DIRECTORS' REPORT

REMUNERATION REPORT (Audited)

The remuneration report is set out under the following main headings:
A. Key management personnel
B. Remuneration governance
C. Principals used to determine the nature and amount of remuneration
D. Details of remuneration
E. Service Agreements
F. Share-based compensation to Directors and key management personnel
G. Additional disclosures relating to Directors and key management personnel

A) Key management personnel

The key management personnel are as follows:

(a) Directors

(i) Non-Executive Chairman

Mr. John Read

(ii) Managing Director and Chief Executive Officer

Dr. James Campbell (appointed as a Non-Executive director 12 November 2014 and as Managing Director 13 April 2015)
Dr. Marie Roskrow (retired 29 October 2014)

Mr. Roger McPherson was appointed as the Interim Chief Executive Officer following the retirement of Dr. Roskrow. Mr. McPherson held this role until the appointment of Dr. Campbell. Mr. McPherson was not appointed to the Board.

(iii) Non-Executive Directors

Mr. Michael Stork
Ms. Suzy Jones

(b) Executives

The following people were the executives with the greatest authority for the strategic direction and management of the group ("other key management personnel") during the financial period:

Name	*Position*	*Employer*
Mr. Roger McPherson	Chief Operating Officer (Incorporating Chief Financial Officer and Company Secretary)	Patrys Limited

B) Remuneration governance

The Board is responsible for determining and reviewing compensation arrangements for the Directors themselves, the Non-Executive Chairman and the Senior Management team. The Board has established a Nomination & Remuneration Committee, comprising of three Directors, the majority of which are Non-Executive Directors. This Committee is primarily responsible for making recommendations to the board on:

- the over-arching executive remuneration framework;
- the operation of the incentive plans, including key performance indicators and performance hurdles;
- remuneration levels of executive directors and other key management personnel; and
- non-executive director fees.

The objective of the Committee is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company. The Corporate Governance Statement provides further information on the role of this committee.

C) Principles used to determine the nature and amount of remuneration

The Company's goal is to engage and promote excellence at Board level, in staff members and partner organisations. The Company looks to engage the services of individuals and organisations with the experience necessary to assist the Company in meeting its strategic objectives. The Board of Directors has determined that recurring costs associated with full time employment should be held to a minimum wherever possible whilst maintaining a high level of competency in core skills in clinical and regulatory management.

The Board seeks to ensure that executive reward complies with good reward governance practices:

- Competitiveness and reasonableness;
- Acceptability to shareholders;
- Performance linkage;
- Transparency; and
- Capital management.

The Company has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

The Company's remuneration framework seeks alignment with shareholders' interests and is in particular aligned to the rapid commercialisation of the Company's intellectual property and in achieving its milestones in a highly ethical and professional manner.

The executive remuneration framework provides a mix of fixed and variable pay and performance incentive rewards. Presently, the Company's policy in relation to performance incentive rewards is to issue only equity (and not cash bonuses) to executives. The Company does not have a policy or practice of cancelling or clawing-back performance-based remuneration of its executives other than in accordance with the relevant plan rules as outlined in Section F of this Remuneration Report.

(a) Non-Executive Directors' fees

Directors' fees are determined by reference to industry standards and were last reviewed effective 1 September 2012. Components of the remuneration package include a cash element together with medium term equity instruments.

At the 2009 Annual General Meeting a Non-Executive Directors' Fee Pool of $250,000 was approved by shareholders.

Directors' fees are currently set at $95,000 for the Chairman and $60,000 per Non-Executive Director (note Ms. Jones receives US$60,000) and reflect the demands which are made on and the responsibilities of the Directors. However, one Non-Executive Director, Mr. Michael Stork, does not receive monetary Director fees and received no remuneration of any kind during the year.

(b) Executive pay

The executive pay and reward framework has four components:

- Base pay and benefits;
- Short term performance incentives;
- Long term incentives; and
- Other remuneration such as superannuation.

The combination of these comprises the executive's total remuneration.

(i) Base pay and benefits

A total employment cost package may include a combination of cash and prescribed non-financial benefits at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. The base pay for executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

There are no ongoing guaranteed base pay increases included in any executive contracts.

(ii) Short term incentives (STI)

Incentives are payable to executives based upon the attainment of agreed corporate and individual milestones and are reviewed and approved by the Board of Directors. The Board of Directors have determined that given the current economic climate, no cash incentives will be paid for the year ended 30 June 2015 (2014: Nil).

(iii) Long term incentives (LTI)

Executives and Directors are issued with equity instruments as LTIs in a manner that aligns this element of remuneration with the creation of shareholder wealth. LTI grants are made to executives and Directors who are able to influence the generation of shareholder wealth and thus have a direct impact on the creation of shareholder wealth. The Board of Directors did not issue any equity instruments to Executives or Directors during the year ended 30 June 2015.

(iv) Relationship between remuneration policy and company performance

Equity instruments may be issued to new employees, and upon performance review based on performance of the individual and the Company both in absolute terms and relative to competitors in the biotechnology sector. Equity instruments that are issued for performance are subject to performance targets set and approved by the Nomination & Remuneration Committee.

The Company's remuneration policy seeks to reward staff members for their contribution to achieving significant operational, strategic, partnering, preclinical, clinical and regulatory milestones. These milestones build sustainable and long term shareholder value.

	30 June 2011	30 June 2012	30 June 2013	30 June 2014	30 June 2015
Closing share price	$0.09	$0.022	$0.022	$0.03	$0.009
Price increase/(decrease) $	(0.01)	(0.068)	Nil	0.008	(0.021)
Price increase/(decrease) %	(10)	(75)	Nil	36	(70)
Total key management personnel remuneration	$2,067,026	$1,189,311	$872,088	$918,767	$797,103

D) Details of remuneration

Year ended 30 June 2015

Details of the remuneration of each Director of Patrys and the key management personnel (KMP) of the Company are set out in the following table for the year ended 30 June 2015. As indicated above incentives are dependent upon the attainment of agreed corporate and individual milestones and all incentives related to the year have been expensed in full over the vesting period.

2015	Short-term employee benefits		Post employment benefits		Equity-based payments			Total
Name	Cash salary & fees	Cash Bonus	Non-monetary benefits	Super-annuation	Termination Payments	Shares & Options	% of Total Remu-neration	
	$	$	$	$	$	$		$
Executive Directors								
James Campbell[1]	44,880	-	-	12,210	-	-	-	57,090
Marie Roskrow[2,3]	289,330	-	-	-	-	-	-	289,330
Subtotal Executive Directors	*334,210*	*-*	*-*	*12,210*	*-*	*-*		*346,420*
Non-Executive Directors								
John Read	95,000	-	-	-	-	-	-	95,000
Suzy Jones[4]	72,016	-	-	-	-	-	-	72,016
Subtotal Non-Executive Directors	*167,016*	*-*	*-*	*-*	*-*	*-*		*167,016*
Total Directors	*501,226*	*-*	*-*	*12,210*	*-*	*-*		*513,436*
Other KMP								
Roger McPherson	247,371	-	-	35,000	-	1,296	0.4%	283,667
Total Other KMP	*247,371*	*-*	*-*	*35,000*	*-*	*1,296*		*283,667*
Total	**748,597**	**-**	**-**	**47,210**	**-**	**1,296**		**797,103**

1. Dr. Campbell was appointed as a Non-Executive Director on 12 November 2014 and as Managing Director on 13 April 2015.
2. Dr. Roskrow retired 29 October 2014.
3. Remuneration does not include $8,223 of shares and option expenses that were reversed though the statement of profit or loss and other comprehensive income during the year ended 30 June 2015.
4. The increase in Ms. Jones' remuneration year on year is due to exchange rate movements.

Cash bonuses as compensation for year ended 30 June 2015

During the year ended 30 June 2015 no cash bonuses were paid (2014: Nil) due to the current economic conditions.

DIRECTORS' REPORT

Year ended 30 June 2014

Details of the remuneration of each Director of Patrys and the key management personnel (KMP) of the Company are set out in the following table for the year ended 30 June 2014. As indicated above incentives are dependent upon the attainment of agreed corporate and individual milestones and all incentives related to the year have been expensed in full over the vesting period.

2014	Short-term employee benefits		Post employment benefits		Equity-based payments			
Name	Cash salary & fees	Cash Bonus	Non-monetary benefits	Super-annuation	Termination Payments	Shares & Options	% of Total Remu-neration	Total
	$	$	$	$	$	$		$
Executive Directors								
Marie Roskrow	446,509	-	-	-	-	5,993	1%	452,502
Subtotal Executive Directors	*446,509*	*-*	*-*	*-*	*-*	*5,993*		*452,502*
Non-Executive Directors								
John Read	95,000	-	-	-	-	-	-	95,000
Alan Robertson[1]	18,307	-	-	1,693	-	-	-	20,000
Suzy Jones	65,202	-	-	-	-	-	-	65,202
Subtotal Non-Executive Directors	*178,509*	*-*	*-*	*1,693*	*-*	*-*		*180,202*
Total Directors	*625,018*	*-*	*-*	*1,693*	*-*	*5,993*		*632,704*
Other KMP								
Roger McPherson	259,454	-	-	22,917	-	3,692	1%	286,063
Total Other KMP	*259,454*	*-*	*-*	*22,917*	*-*	*3,692*		*286,063*
Total	**884,472**	**-**	**-**	**24,610**	**-**	**9,685**		**918,767**

1. Dr. Robertson retired as a Non-Executive Director on 23 October 2013.

E) Service agreements

Remuneration and other terms of employment for the Non-Executive Chairman, Managing Director and Chief Executive Officer, Non-Executive Directors and other key management personnel are formalised in service agreements. These agreements may provide for the provision of performance related cash bonuses and the award of equity in the Company.

Other major provisions of the agreements relating to remuneration are set out below:

John Read, Non-Executive Chairman
- Term of Agreement – Commencing from 29 May 2007. A new agreement became effective 1 December 2009.
- Director's fee – $95,000 per annum to be reviewed independently and annually by the Board of Directors.
- Termination – No terms have been agreed.
- Bonus – Nil.
- Equity – The Chairman shall be entitled to participate in the Loan Share Plan and the Executive Share Option Plan of the Company.

James Campbell, Managing Director and Chief Executive Officer
- Term of Agreement – Commencing from 13 April 2015 and ongoing unless terminated in accordance with its terms.
- Base Remuneration – Effective 13 April 2015 $300,000 per annum on a fulltime basis, subject to annual increases at the discretion of the Board of Directors. Currently working on the basis of 60% of a full time equivalent.
- Termination – By six months' notice from either side.
- Bonus – At the discretion of the Board of Directors.
- Equity – The Director shall be entitled to participate in the Loan Share Plan and the Executive Share Option Plan of the Company.

Suzy Jones, Non-Executive Director
- Term of Agreement – Commencing from 15 December 2011.
- Director's Fees - US$60,000 (AU$87,387) per annum to be reviewed independently and annually by the Board of Directors.
- Termination – No terms have been agreed.
- Bonus – Nil.
- Equity – The Director shall be entitled to participate in the Executive Share Option Plan of the Company.

Roger McPherson, Chief Operating Officer (incorporating Chief Financial Officer and Company Secretary)
- Term of Agreement – Commencing from 20 October 2008 and ongoing unless terminated in accordance with its terms.
- Base Remuneration – Effective 1 July 2013 $282,371 per annum, subject to annual increases at the discretion of the Board of Directors.
- Termination – By four weeks' notice from either side.
- Bonus – At the discretion of the Board of Directors.
- Equity – The Executive shall be entitled to participate in the Loan Share Plan and the Executive Share Option Plan of the Company.

F) Share-based compensation to Directors and key management personnel

(i) General overview

The Company issues equity to Directors, Patrys (including subsidiary Patrys GmbH) employees and key consultants under either the Loan Share Plan (LSP) or the Executive Share Option Plan (ESOP). Under the plans, participants are issued with equity to foster an ownership culture within the Group to motivate Directors, employees and consultants to achieve performance targets of the Company and the Group. Participation in the plans is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The Company introduced the LSP in December 2009 following approval of the plan at the 2009 Annual General Meeting. Only Australian residents are eligible to participate in the plan. The plan allows non-recourse, interest free loans to be provided to eligible participants to acquire shares under the plan. If and when an issue is made it is treated as an in-substance grant of options and expensed over the vesting period because of the limited recourse nature of the loans. Generally shares issued under the plan will vest over a three year period. The shares are acquired in the name of the participant and each participant authorises and appoints the Company Secretary to act on their behalf. Any dividends paid on the shares are used to repay the loan. In all other respects the shares issued under the LSP carry the same rights as other ordinary shares on issue. If the participant leaves the Company, any shares that have not vested will be brought back by the Company and cancelled along with the loan. In respect of shares that have vested the loan balance must generally be paid in full within six months of termination or the shares will be sold and the proceeds applied to settle the loan balance. The issue price of the shares in the Company held under LSP is not included in equity until the loan has been repaid.

Options are granted under the ESOP. Following the introduction of the LSP issues under the ESOP are generally only made to non-Australian residents. Under the ESOP each option granted converts into one ordinary share of Patrys Limited. Options are granted under the plan for no consideration and carry no dividend or voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

If a participant ceases to be appointed as a Director or employed by any member of the group (other than due to his/her death) then options that have vested at the date of cessation will generally lapse if not exercised within six months of the cessation date. In the case of death of the participant then the exercise period is generally extended to twelve months. All unvested options will generally lapse on cessation.

In accordance with the rules of both the LSP and ESOP the Board has the ability to vary the terms in respect of issues in circumstances it considers appropriate. The valuations of shares issued under the LSP and options issued under the ESOP are determined by using an industry standard option pricing model taking into account the terms and conditions upon which the instruments were issued.

Participants in equity based plans are not permitted to enter into transactions which limit the economic risk of participating in the plan save in relation to the LSP. As noted above the LSP allows participants access to a limited recourse loan to fund the acquisition of any shares issued under the LSP.

The terms and conditions of each issue of equity affecting remuneration of Directors and key management personnel in this or future reporting periods (not including as a result of the repricing – refer below) are as follows:

Shares issued under the LSP

Issue date	No. of shares	Loan expiry date	Vesting date	Issue price $	Fair value per share at issue date $	Date first available to deal with
08/12/2011	108,333	08/12/2019	08/12/2014	0.039	0.0299	08/12/2014
21/08/2012	125,000	21/08/2019	21/08/2014	0.022	0.0156	21/08/2014
21/08/2012	125,000	21/08/2020	21/08/2015	0.022	0.0164	21/08/2015
Total	**358,333**					

(ii) Equity issued to Directors and key management personnel

Details of equity issued in the Company provided as remuneration to each Director of Patrys Limited and each of the key management personnel of the Company are set out below. When vested, prior to the Director or key management personnel being able to deal with each share, the loan advanced to acquire the share under the LSP must be repaid. In the case of the options, the exercise price must be paid prior to each being converted into one ordinary share of Patrys Limited. Details are also provided for the number of equity instruments that have vested during the 2015 financial year.

The assessed fair value at the date of issue of the equity instruments is allocated over the period from issue date to vesting date, and this amount is included in the remuneration tables above. Fair values at issue date are determined using the binomial option pricing model that takes into account the exercise price (or amount of loan), the term of the option (or loan), the share price at issue date and expected price volatility of the Patrys shares, the expected dividend yield and the risk-free interest rate for the term of the option (or loan).

Further information on the shares and options issued under the LSP and ESOP, including factors and assumptions used in determining fair value is set out in Note 20 to the financial statements.

Following the implementation of the LSP, Australian residents participate in the LSP and not the ESOP. Details of shares and options that have been issued and vested in this or the previous year are outlined in the table below. The tables only include transactions whilst a member of the key management personnel.

Shares issued under the LSP

Name	Shares issued during the year				Shares vested during the year	
	2015		2014		2015	2014
	Number	Loan per share$	Number	Loan per share$	Number	Number
Directors of Patrys Limited						
Marie Roskrow	-	-	-	-	-	108,333
Other key management personnel						
Roger McPherson	-	-	-	-	233,333	316,854

There are no performance criteria that need to be met in relation to the shares issued above. Participants need to be appointed as a Director or employed by a Group company at the vesting date. Unvested shares are brought back by the Company at the cessation of appointment or employment at the issue price.

Options granted under the ESOP

Name	Options granted during the year				Options vested during the year	
	2015		2014		2015	2014
	Number	Exercise Price$	Number	Exercise Price$	Number	Number
Directors of Patrys Limited						
Marie Roskrow	-	-	-	-	-	125,000

There are no performance criteria that need to be met in relation to the options granted above. Participants need to be appointed as a Director or employed by a Group company at the vesting date. Unvested options lapse on cessation of appointment or employment.

DIRECTORS' REPORT

G) Additional disclosures related to Directors and key management personnel

(i) Details of remuneration: cash bonuses, shares and options

Name	Cash bonus Note (vi)		Shares & options					
	Paid%	Forfeited %	Year issued	Vested%	Forfeited %	Financial years in which shares & options vest	Minimum total value of issue yet to vest $	Maximum total value of issue yet to vest $
John Read			2009	100	80	Note (v)	-	-
			2010	100	-	Note (i)	-	-
Marie Roskrow	-	-	2011	100	100	Note (vii)	-	-
			2012	66.6	66.6	Note (vii)	-	-
			2013	33.3	33.3	Note (vii)	-	-
Michael Stork	-	-	2009	100	80	Note (v)	-	-
Roger McPherson	-	-	2009	100	100	Note (v)	-	-
			2010	100	-	Note (i)	-	-
			2011	100	-	Note (ii)	-	-
			2012	100	-	Note (iii)	-	-
			2013	66.6	-	Note (iv)	-	114

Notes:
(i) The financial years in which shares/options vest are 33.3% in 2011, 33.3% in 2012 and 33.3% in 2013.
(ii) The financial years in which shares/options vest are 33.3% in 2012, 33.3% in 2013 and 33.3% in 2014.
(iii) The financial years in which shares/options vest are 33.3% in 2013, 33.3% in 2014 and 33.3% in 2015.
(iv) The financial years in which shares/options vest are 33.3% in 2014, 33.3% in 2015 and 33.3% in 2016.
(v) These options lapsed on their expiry date as they had not been exercised.
(vi) No cash bonuses were paid for the 2015 year (2014: Nil).
(vii) Dr. Marie Roskrow retired as a Director on 29/10/14 and all of the equity held by her was cancelled during the year.

(ii) Key management personnel equity holdings

Shareholdings

Fully paid ordinary shares and shares under the Loan Share Plan held by key management personnel or their related parties:

2015	Balance at 1 July No.	Issued as compensation under LSP No.	Purchased during the year No.	Received on exercise of options No.	Net change other No.	Balance at 30 June No.	Total vested 30 June No.
John Read	6,660,890	-	-	-	-	6,660,890	6,660,890
Michael Stork	95,731,764	-	-	-	-	95,731,764	95,731,764
James Campbell[1]	-	-	-	-	25,000	25,000	25,000
Suzy Jones	3,000,000	-	-	-	-	3,000,000	3,000,000
Marie Roskrow[2]	3,812,501	-	-	-	(475,000)	N/A	N/A
Roger McPherson	4,606,654	-	-	-	-	4,606,654	4,481,654
Totals	**113,811,809**	**-**	**-**	**-**	**(450,000)**	**110,024,308**	**109,899,308**

1. James Campbell was appointed as a Director on 12 November 2014. He held these shares prior to his appointment.
2. Marie Roskrow retired as a Director on 29 October 2014 and her shares held under the LSP were cancelled during the year in accordance with the rules of the Plan.

2014	Balance at 1 July No.	Issued as compensation under LSP No.	Purchased under the Rights Issue No.	Received on exercise of options No.	Net change other No.	Balance at 30 June No.	Total vested 30 June No.
John Read	5,058,389	-	1,602,501	-	-	6,660,890	6,660,890
Michael Stork	85,731,764	-	10,000,000	-	-	95,731,764	95,731,764
Alan Robertson[1]	575,026	-	-	-	(575,026)	-	-
Suzy Jones	2,500,000	-	500,000	-	-	3,000,000	3,000,000
Marie Roskrow	2,541,667	-	1,270,834	-	-	3,812,501	3,595,835
Roger McPherson	3,071,102	-	1,535,552	-	-	4,606,654	4,248,321
Totals	**99,477,948**	**-**	**14,908,887**	**-**	**(575,026)**	**113,811,809**	**113,236,810**

1. Alan Robertson retired as a Director on 23 October 2013.

Options

Options held by key management personnel:

2015	Balance at 1 July No.	Granted as compen-sation No.	Lapsed/ Cancelled No.	Net change other No.	Balance at 30 June No.	Total vested 30 June No.	Vested and exercise-able No.	Vested but not exer-ciseable No.
John Read	360,000	-	(240,000)	-	120,000	120,000	120,000	-
Michael Stork	180,000	-	(120,000)	-	60,000	60,000	60,000	-
James Campbell[1]	-	-	-	-	-	-	-	-
Suzy Jones	-	-	-	-	-	-	-	-
Marie Roskrow[2]	375,000	-	(375,000)	-	-	-	-	-
Roger McPherson	125,000	-	(125,000)	-	-	-	-	-
Totals	**1,040,000**	**-**	**(860,000)**	**-**	**180,000**	**180,000**	**180,000**	**-**

1. James Campbell was appointed as a Director on 12 November 2014.
2. Marie Roskrow retired as a Director on 29 October 2014 and her options held under the ESOP were cancelled during the year in accordance with the rules of the Plan.

2014	Balance at 1 July No.	Granted as compen-sation No.	Lapsed No.	Net change other No.	Balance at 30 June No.	Total vested 30 June No.	Vested and exercise-able No.	Vested but not exer-ciseable No.
John Read	700,000	-	(340,000)	-	360,000	360,000	360,000	-
Michael Stork	300,000	-	(120,000)	-	180,000	180,000	180,000	-
Alan Robertson[1]	350,000	-	-	(350,000)	-	-	-	-
Suzy Jones	-	-	-	-	-	-	-	-
Marie Roskrow	375,000	-	-	-	375,000	125,000	125,000	-
Roger McPherson	250,000	-	(125,000)	-	125,000	125,000	125,000	-
Totals	**1,975,000**	**-**	**(585,000)**	**(350,000)**	**1,040,000**	**790,000**	**790,000**	**-**

1. Alan Robertson retired as a Director on 23 October 2013.

(iii) Voting and comments made at the company's 2014 annual general meeting:

Patrys Limited received more than 86% of "yes" votes on its remuneration report for the 2014 financial year. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

END OF REMUNERATION REPORT (Audited)

DIRECTORS' REPORT

Shares issued under loan share plan

Details of shares issued under the Loan Share Plan of Patrys Limited at the date of this report are as follows. Further details are included in Notes 14 and 20 of the Financial Statements.

Date shares issued	Expiry date of loan	Issue price of share $	Number under shares
02/12/2009	27/11/2015	0.144	517,002
02/12/2009	30/06/2016	0.144	269,248
02/12/2009	27/11/2016	0.144	382,377
02/12/2009	22/03/2017	0.144	66,690
02/12/2009	27/11/2017	0.144	315,687
01/07/2010	01/07/2016	0.106	180,436
01/07/2010	22/03/2017	0.106	66,670
01/07/2010	01/07/2017	0.106	147,101
01/07/2010	01/07/2018	0.106	147,101
29/10/2010	30/06/2016	0.083	529,773
08/12/2011	22/03/2017	0.039	150,000
08/12/2011	08/12/2017	0.039	205,002
08/12/2011	08/12/2018	0.039	204,999
08/12/2011	08/12/2019	0.039	191,666
08/12/2011	27/06/2019	0.039	13,333
21/08/2012	21/08/2018	0.022	255,000
21/08/2012	21/08/2019	0.022	225,000
21/08/2012	27/06/2019	0.022	60,000
21/08/2012	21/08/2020	0.022	225,000
02/11/2012	02/05/2018	0.03	37,500
02/11/2012	02/11/2018	0.03	37,500
20/05/2014	20/05/2020	0.05	100,000
20/05/2014	20/05/2021	0.05	100,000
20/05/2014	20/05/2022	0.05	100,000
Total			**4,527,085**

Shares issued under executive share option plan

Unissued ordinary shares of Patrys Limited under option at the date of this report are as follows. Further details are included in Notes 14 and 20 of the Financial Statements.

Date options granted	Expiry date	Exercise price of options $[1]	Number under option
01/07/2008	01/07/2016	0.3225	162,499
28/12/2008	25/05/2016	0.2534	240,000
02/12/2009	27/11/2015	0.1365	165,584
02/12/2009	27/11/2016	0.1365	165,585
02/12/2009	27/11/2017	0.1365	165,585
01/07/2010	01/07/2016	0.0985	100,601
01/07/2010	01/07/2017	0.0985	100,602
01/07/2010	01/07/2018	0.0985	100,602
08/12/2011	08/12/2017	0.0315	90,668
08/12/2011	08/12/2018	0.0315	90,666
08/12/2011	08/12/2019	0.0315	90,666
21/08/2012	21/08/2018	0.0145	76,667
21/08/2012	21/08/2019	0.0145	76,667
21/08/2012	21/08/2020	0.0145	76,666
20/05/2014	20/05/2020	0.05	125,000
20/05/2014	20/05/2021	0.05	125,000
20/05/2014	20/05/2022	0.05	125,000
Total			**2,078,058**

1. Following the Rights Issue announced on 13 November 2013, in accordance with ASX Listing Rule 6.22 all options were repriced (refer to Note 20 of the financial statements for further details).
2. The above table does not include 162,500 options which lapsed on their expiry date (1 July 2015).

DIRECTORS' REPORT

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amount paid or payable to the auditor (BDO East Coast Partnership) for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit & Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed by the Audit & Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor.

- None of the services undermine the general principles relating to auditor independence as set out in Professional Statement APES 110, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2015 $	2014 $
Audit services		
BDO East Coast Partnership:		
Audit and review of financial reports and other audit work under the Corporations Act 2001	50,185	49,715
Network Firms - BDO LLP:		
Audit and review of financial reports and other audit work	1,074	4,861
Total remuneration for audit services	*51,259*	*54,576*
Other advisory services		
BDO East Coast Partnership:		
Advice on taxation and other matters and review and lodgement of corporate tax returns	5,613	6,000
Network Firms - BDO LLP:		
Advice on taxation and other matters and review and lodgement of corporate tax returns	5,276	3,836
Total remuneration	**62,148**	**64,412**

No officers were previously partners of the audit firm BDO East Coast Partnership.

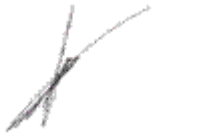
Auditor's Independence Declaration

A copy of the auditor's declaration under Section 307C in relation to the audit for the year ended 30 June 2015 is attached.

Auditor

BDO East Coast Partnership continues in office in accordance with Section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of the Directors.



Mr. John Read
Chairman

Date: 10 September 2015

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF PATRYS LIMITED

Tel: +61 3 9603 1700
Fax: +61 3 9602 3870
www.bdo.com.au

Level 14, 140 William St
Melbourne VIC 3000
GPO Box 5099 Melbourne VIC 3001
Australia

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

As lead auditor of Patrys Limited for the year ended 30 June 2015, 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.



David Garvey
Partner

BDO East Coast Partnership

Melbourne, 10 September 2015

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

CORPORATE GOVERNANCE

The Board of Directors of Patrys Limited (Board) is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board supports the core corporate governance principles published by the ASX Corporate Governance Council (Council). The Company's corporate governance framework is designed to comply with the Council's principles whilst being relevant, efficient and cost effective for the current stage of the Company's development.

The Corporate Governance Statement contains certain specific information and discloses the extent to which the Company has followed the Council's principles during the 2015 financial year. Patrys' Corporate Governance Statement is structured with reference to the ASX Corporate Governance Principles and Recommendations and can be found on the Patrys website at:
http://www.patrys.net.au/images/stories/corporate-governance/2015_Patrys_Corporate_Governance.pdf

The Board will continue its ongoing review process to ensure that the model is relevant, efficient and cost effective to the Company and its shareholders.

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

	Note	Consolidated 2015 $	Consolidated 2014 $
Revenues from continuing operations	3(a)	2,224,481	759,683
Other income	3(b)	378,772	-
Expenses from continuing operations			
Research & development	3(c)	(4,674,564)	(6,298,246)
Impairment of intangible assets	10	(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
	15(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	7	13,325	74,187
Other current assets	8	33,937	109,267
Total current assets		**4,693,789**	**8,826,961**
Non-current assets			
Property, plant and equipment	9	78,834	251,115
Intangible assets	10	-	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	11	668,905	2,143,821
Current tax liabilities	4	-	-
Derivative financial instruments	12	-	40,607
Employee benefits	13	77,418	151,705
Total current liabilities		**746,323**	**2,336,133**
Non-current liabilities			
Employee benefits	13	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	14	59,675,971	59,675,971
Reserves	15	397,124	468,863
Accumulated losses	15	(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 note.

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	**17 (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 (decrease)/increase 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	**17 (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 FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Introduction

The financial report covers Patrys Limited ("Patrys" or "Company"), as a consolidated entity consisting of Patrys and the entities it controlled at the end of or during the year ("Group").

Patrys is a listed public company limited by shares, incorporated and domiciled in Australia. The presentation currency and functional currency of the Group is Australian dollars.

Separate financial statements for Patrys Limited as an individual entity are no longer presented as the consequence of a change to the Corporations Act 2001, however, limited financial information for Patrys Limited as an individual entity is included in Note 23.

The principal activity of the Company and its subsidiaries ("Group") during the financial year was developing natural human antibody therapeutics to administer as treatments to fight cancer.

The financial report was authorised for issue by the Board of Directors of Patrys on the date shown on the Declaration by Directors attached to the Financial Statements.

Note 1: Statement of significant accounting policies

The principal accounting policies which have been adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. Patrys Limited is a for-profit entity for the purpose of preparing these financial statements.

The financial report comprises the consolidated financial statements of the Group.

These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

b) Basis of preparation

The 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 assets. All amounts are presented in Australian dollars unless otherwise noted. All values are rounded to the nearest dollar.

The accounting policies have been consistently applied and, except where there is a change in accounting policy, are consistent with those of the previous year.

c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the Group. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are consolidated from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Patrys Limited.

d) 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 30 June 2015, the Group had net current assets of $3,947,466 (2014: $6,490,828);
- 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.

e) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, held at call with financial institutions, and other short-term deposits with an insignificant risk of change in value.

f) Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year. Shares issued under the Loan Share Plan and options issued under the Employee Share Option Plan are excluded from this calculation. Refer to Note 5 for further details.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares. Shares issued under the Loan Share Plan and options issued under the Employee Share Option Plan are excluded from this calculation. Refer to Note 5 for further details.

g) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described below, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements concerns management's review of the following items for indicators of impairment: (i) investments in and loans to subsidiaries in the parent entity and (ii) finite life intangibles in the Group. The carrying amount of investments in subsidiaries at 30 June 2015 is $232,925 (2014: $232,925) and the carrying amount of intangibles at 30 June 2015 is $Nil (2014: $5,735,622).

Refer to Note 10 for details of the assumptions made on the carrying value of Intangibles.

At each reporting period the Company assesses whether investments in subsidiaries and loans to subsidiaries have suffered any impairment in accordance with the accounting policy stated in Note 1(k) and whether finite life intangibles have suffered any impairment in accordance with the accounting policy stated in Note 1(k).

The Going Concern assumption also requires significant estimates, mainly in relation to expected cash inflows and outflows from various alternatives available to the Company.

Other areas that require significant judgement and key assumptions include share based payments, which are calculated at fair value using industry standard option pricing models, and the estimated useful life of intangibles, which is based on knowledge of patent law, understanding of competitive forces, and general familiarity with the biotechnology therapeutic product market.

There have been no other significant judgments made in applying accounting policies that the Directors consider would have a significant effect on the amounts recognised in the financial statements. There have been no key assumptions made concerning the future, and there are no other key sources of estimation uncertainty at the reporting date, that the Directors consider would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

h) Investments

Shares in controlled entities are shown in the parent entity information disclosed at Note 23 at cost or recoverable amount. Controlled entities are accounted for in the consolidated accounts as set out in the Note 1(c).

i) Property, plant and equipment

The purchase method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Property, plant and equipment is recognised at cost and are depreciated over their estimated useful lives using the straight line method. The expected useful life for property, plant and equipment is:

- Computer equipment – 3 years;
- Plant and equipment – 5 years; and
- Furniture – 13.3 years.

Profits and losses on disposal of plant and equipment are taken into account in determining the result for the year.

Impairment
The carrying values of plant and equipment are reviewed for impairment at each reporting date with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired. Impairment exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount.

Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

j) Intangible assets

Patents, trademarks and licences
Patents, trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation and impairment losses.

Patents, trademarks and licences comprise licences, intellectual property and registered trademarks and patents. Amortisation is calculated using the straight line method, over the assets estimated useful lives from 5 to 20 years.

k) Impairment of non-financial assets

Intangible assets that have an indefinite useful life and intangible assets not yet available for use are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired.

Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount may not be recoverable.

At each reporting date, the Group reviews the carrying amounts of its finite life tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

l) Trade and other receivables

Trade receivables and other receivables represent the principal amounts due at reporting date less, where applicable, any provision for doubtful debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Debts which are known to be uncollectible are written off. All trade receivables and other receivables are recognised at the amounts receivable as they are due for settlement within 90 days.

m) Research and development costs

Research and development expenditure is expensed as incurred except to the extent that its future recoverability can reasonably be regarded as assured, in which case it is deferred and amortised on a straight line basis over the period in which the related benefits are expected to be realised.

The carrying value of development costs that have been capitalised are reviewed for impairment annually when the asset is not yet in use or when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

n) Trade and other payables

Payables represent the principal amounts outstanding at reporting date plus, where applicable, any accrued interest. Liabilities for payables and other amounts are carried at cost which approximates fair value of the consideration to be paid in the future for goods and services received, whether or not billed. The amounts are unsecured and are usually paid within 30 days of recognition.

o) Leases

Leases of property, plant and equipment where the Company bears substantially all the risks and benefits incidental to ownership of the asset, are classified as finance leases.

Finance leases are capitalised, recorded as an asset and a liability equal to the present value of the minimum lease payments, including any residual payments as determined by the lease contract. Leased assets are amortised on a straight line basis over the estimated useful lives where it is likely that the Group will obtain legal ownership of the asset on expiry of the lease. Lease payments are allocated over both the lease interest expense and the lease liability.

Lease payments for operating leases where substantially all the risks and benefits of ownership remain with the lessor are charged as expenses in the periods in which they are incurred.

p) Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, and annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Long-term employee benefits
Liabilities for annual leave and long service leave that are not expected to be settled wholly within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of the corporate bonds.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

q) Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability.

r) Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

s) Share based payments

Equity settled share based payments with employees, key consultants providing similar services and Directors are measured at fair value at the date of issue. Fair value is measured by use of industry standard pricing models. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The fair value determined at the issue date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the consolidated entity's estimate of shares that will eventually vest.

For cash settled share based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

t) Income taxes

Income taxes are accounted for using the comprehensive statement of financial position liability method whereby:

- the tax consequences of recovering (settling) all assets (liabilities) are reflected in the financial statements;
- current and deferred tax is recognised as income or expense except to the extent that the tax relates to equity items or to a business combination;
- a deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available to realise the asset; and
- deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled.

u) Issued capital

Ordinary shares are classified as equity (Note 14).

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

v) Revenue recognition

Licence revenue
Licence revenue is recognised in accordance with the underlying agreement. Upfront milestone payments are brought to account as revenues at the time of execution of the agreement and subsequent milestones when the relevant milestone has been achieved.

Interest income
Interest income is recognised on a time proportion basis using the effective interest method.
When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

R&D tax incentive
Income from the R&D Tax Incentive is recognised on an accruals basis when AusIndustry accept the claim.

Grant income
Grant income is recognised on a receipts basis.

w) Comparative figures

Comparatives have been reclassified so as to be consistent with the figures presented in the current year.

x) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, is classified as operating cash flows.

y) Foreign currency translation

Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is Patrys Limited's functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at reporting date. Foreign exchange gains or losses resulting from the translation of monetary assets and liabilities at year end exchange rates are recognised in the statement of profit or loss and other comprehensive income.

Group companies
The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for profit or loss items are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the statement of profit or loss and other comprehensive income, as part of the gain or loss on sale where applicable.

The functional currency of the overseas subsidiary Patrys GmbH is the Euro.

z) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

aa) Financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are initially measured at fair value, net of transaction costs.

Term Deposits
The Group has financial assets in the nature of term deposits which are held to maturity.

Loans and receivables
Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Effective interest method
The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

Impairment of financial assets
Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each statement of financial position date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

bb) 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.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities
The consolidated entity has applied AASB 2012-3 from 1 July 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement.

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets
The consolidated entity has applied AASB 2013-3 from 1 July 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed.

AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)
The consolidated entity has applied Parts A to C of AASB 2014-1 from 1 July 2014. These amendments affect the following standards: AASB 2 'Share-based Payment': clarifies the definition of 'vesting condition' by separately defining a 'performance condition' and a 'service condition' and amends the definition of 'market condition'; AASB 3 'Business Combinations': clarifies that contingent consideration in a business combination is subsequently measured at fair value with changes in fair value recognised in profit or loss irrespective of whether the contingent consideration is within the scope of AASB 9; AASB 8 'Operating Segments': amended to require disclosures of judgements made in applying the aggregation criteria and clarifies that a reconciliation of the total reportable segment assets to the entity's assets is required only if segment assets are reported regularly to the chief operating decision maker; AASB 13 'Fair Value Measurement': clarifies that the portfolio exemption applies to the valuation of contracts within the scope of AASB 9 and AASB 139; AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets': clarifies that on revaluation, restatement of accumulated depreciation will not necessarily be in the same proportion to the change in the gross carrying value of the asset; AASB 124 'Related Party Disclosures': extends the definition of 'related party' to include a management entity that provides KMP services to the entity or its parent and requires disclosure of the fees paid to the management entity; AASB 140 'Investment Property': clarifies that the acquisition of an investment property may constitute a business combination.

cc) New accounting standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2015. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2017. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2017 but the impact of its adoption is yet to be assessed by the consolidated entity.

Note 2: Remuneration of auditors

	Consolidated 2015 $	2014 $
Audit services		
BDO East Coast Partnership:		
Audit and review of financial reports and other audit work under the Corporations Act 2001	50,185	49,715
Network Firms - BDO LLP:		
Audit and review of financial reports and other audit work	1,074	4,861
Total remuneration for audit services	*51,259*	*54,576*
Other advisory services		
BDO East Coast Partnership:		
Advice on taxation and other matters and review and lodgement of corporate tax returns	5,613	6,000
Network Firms - BDO LLP:		
Advice on taxation and other matters and review and lodgement of corporate tax returns	5,276	3,836
Total remuneration	**62,148**	**64,412**

Note 3: 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 4: Income taxes

	Consolidated 2015 $	2014 $
Income tax expense		
Current tax expense in respect of current year	**6,890**	**8,161**
The prima facie income tax expense on the loss from continuing operations before tax reconciles to the income tax expense in the financial statements as follows:		
Loss from continuing operations before tax	(8,463,492)	(7,280,929)
Income tax calculated at 30%	(2,539,047)	(2,184,279)
Effect of revenue that is not assessable in determining taxable loss	(245,987)	(174,778)
Effect of expenses that are not deductible in determining taxable loss	520	5,671
Effect of different tax rates of subsidiaries operating in other jurisdictions	(736)	-
Deferred tax assets not brought into account	2,792,140	2,361,547
Income tax expense	**6,890**	**8,161**
Current tax liabilities		
Income tax payable attributable to subsidiaries	**-**	**-**
Unrecognised deferred tax assets		
The following deferred tax assets have not been brought to account as assets:		
Tax losses – revenue	14,548,135	13,485,129

These deferred tax assets (not recognised) will only be obtained if:

(i) the entities derive future assessable income of a nature and of an amount sufficient to enable the benefits from the deduction for losses to be realised;

(ii) the entities continue to comply with the conditions for deductibility imposed by the law; and no changes in tax legislation adversely affect the entities in realising the relevant benefits from deduction for the losses; and

(iii) no changes in tax legislation adversely affect the entities in realising the relevant benefits from deduction for the losses.

Note 5: Earnings per share

	Consolidated 2015 $	2014 $
Net loss used in calculating basic earnings per share:	8,470,382	7,289,090
Net loss used in calculating diluted earnings per share:	8,470,382	7,289,090
	No. of Shares	**No. of Shares**
Weighted average number of ordinary shares used in calculating basic earnings per share	692,058,901	601,082,606
Dilutive potential ordinary shares	-	-
Weighted average number of ordinary shares and potential ordinary shares used in calculating diluted earnings per share	**692,058,901**	**601,082,606**

Information concerning the classification of securities

Fully paid ordinary shares

Fully paid ordinary shares carry the right to 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. Fully paid ordinary shares are included as ordinary shares in the determination of basic earnings per share.

Loan Share Plan

The Company introduced the Loan Share Plan ("LSP") in December 2009 following approval of the plan at the 2009 Annual General Meeting. Only Australian residents are eligible to participate in the plan. The plan allows non-recourse, interest free loans to be provided to eligible participants to acquire shares under the plan. When an issue is made it will be treated as an in-substance grant of options and expensed over the vesting period because of the limited recourse nature of the loans.

Shares offered under the Loan Share Plan may be subject to Vesting Conditions, Forfeiture Conditions and Disposal Restrictions (collectively referred to as "Conditions") as determined by the Board and specified in the Offer documents sent to participants. The Board had discretion to waive or deem Conditions to have been satisfied. Shares under the LSP cannot be dealt with (including traded on the ASX) unless they are not subject to any Conditions and there is no outstanding Loan on the shares.

Generally shares issued under the plan will vest over a three year period. The shares are acquired in the name of the participant and each participant authorises and appoints the Company Secretary to act on their behalf. Any dividends paid on the shares are used to repay the loan. In all other respects the shares issued under the LSP carry the same rights as other ordinary shares on issue. If the participant leaves the Company, any shares that have not vested will be bought back by the Company and cancelled along with the loan. In respect of shares that have vested the loan balance must be paid in full within six months of termination or the shares will be sold and the proceeds applied to settle the loan balance. The issue price of the shares in the Company held under the LSP is not included in equity until the loan has been repaid.

Amounts unpaid on shares held under the LSP are treated as the equivalent of options to acquire ordinary shares and are excluded as potential ordinary shares in the determination of diluted earnings per share and basic earnings per share. Details relating to the LSP are set out in Note 20.

The 4,527,085 shares on issue at reporting date that were granted under the LSP are not included in the calculation of diluted earnings per share because they are anti-dilutive for the year ended 30 June 2015. These shares could potentially dilute basic earnings per share in the future.

Options

Options granted to employees under the Employee Share Option Plan ("ESOP") are considered to be potential ordinary shares and have been excluded in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share because they are anti-dilutive for the year ended 30 June 2015. Details relating to the options are set out in Note 20.

Note 6: Cash and cash equivalents

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

The Group's exposure to interest rate and foreign currency risk is discussed in note 19.

Note 7: Trade and other receivables

	Consolidated 2015 $	2014 $
Other receivables	13,325	74,187
	13,325	**74,187**

The balance of other receivables of $13,325 (2014: $74,187) is not past due and not considered impaired. Refer to note 19 for details of the credit risk exposure analysis.

Note 8: Other current assets

	Consolidated 2015 $	2014 $
Prepayments	24,830	79,152
Security Deposits	9,107	30,115
	33,937	**109,267**

Note 9: Property, plant and equipment

	Consolidated 2015 $	2014 $
Plant and equipment		
At cost	445,523	544,689
Accumulated depreciation	(366,689)	(293,574)
Total net plant and equipment	**78,834**	**251,115**

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

Plant and equipment at cost:		
Balance at the beginning of year	251,115	287,281
Additions	1,824	-
Disposals	(2,775)	-
Depreciation expense, impairment and asset write off (i)	(170,391)	(44,442)
Foreign exchange movement	(939)	8,276
Carrying amount at the end of year	**78,834**	**251,115**

(i) In June 2015, the Company made the decision to close down its German based operations. The value of plant and equipment at the German facility has been accessed and an impairment writedown of $71,808 has been made.

Note 10: 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.

(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 11: Trade and other payables

	Consolidated 2015 $	2014 $
Current		
Trade creditors	157,064	1,543,280
Other creditors and accruals	511,841	600,541
Total trade and other payables	**668,905**	**2,143,821**

Note 12: Derivative financial instruments

	Consolidated 2015 $	2014 $
Current		
Forward foreign exchange contracts	-	40,607
	-	**40,607**

Derivative financial instruments are valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates. Refer to note 19 for further information on derivative financial instruments.

Note 13: Employee benefits

	Consolidated 2015 $	2014 $
Current		
Annual leave	77,418	151,705
	77,418	**151,705**
Non-current		
Long service leave	55,960	43,296
	55,960	**43,296**

Note 14: 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.

(a) 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[1]	-	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**		

(b) Movements in share options over ordinary shares during the year were as follows:

	Consolidated 2015 No.	2014 No.
Balance at beginning of the year	3,458,059	54,133,059
Granted during the year	-	450,000
Exercised during the year	-	(31,600,000)
Expired during the year	(767,501)	(19,525,000)
Lapsed during the year	(450,000)	-
Balance at end of the year	**2,240,558**	**3,458,059**

Option – Series[1]	Number	Vesting date	Expiry date	Exercise price $[2]	Unvested at Year End
Granted 1 July 2008	162,500	01/07/2010	01/07/2015	0.3225	-
Granted 1 July 2008	162,499	01/07/2011	01/07/2016	0.3225	-
Granted 28 November 2008	240,000	25/05/2011	25/05/2016	0.2534	-
Granted 2 December 2009	165,584	27/12/2010	27/12/2015	0.1365	-
Granted 2 December 2009	165,585	27/12/2011	27/12/2016	0.1365	-
Granted 2 December 2009	165,585	27/12/2012	27/12/2017	0.1365	-
Granted 1 July 2010	100,601	01/07/2011	01/07/2016	0.0985	-
Granted 1 July 2010	100,602	01/07/2012	01/07/2017	0.0985	-
Granted 1 July 2010	100,602	01/07/2013	01/07/2018	0.0985	-
Granted 8 December 2011	90,668	08/12/2012	08/12/2017	0.0315	-
Granted 8 December 2011	90,666	08/12/2013	08/12/2018	0.0315	-
Granted 8 December 2011	90,666	08/12/2014	08/12/2019	0.0315	-
Granted 21 August 2012	76,667	21/08/2013	21/08/2018	0.0145	-
Granted 21 August 2012	76,667	21/08/2014	21/08/2019	0.0145	-
Granted 21 August 2012	76,666	21/08/2015	21/08/2020	0.0145	76,666
Granted 20 May 2014	125,000	20/05/2015	20/05/2020	0.05	-
Granted 2 November 2012	125,000	20/05/2016	20/05/2021	0.05	125,000
Granted 2 November 2012	125,000	20/05/2017	20/05/2022	0.05	125,000
	2,240,558				**326,666**

1. Share options granted carry no rights to dividends and no voting rights.
2. Following the Rights Issue announced on 13 November 2013, in accordance with ASX Listing Rule 6.22 all options granted prior to the closing of the Rights Issue were repriced (refer to Note 20 of the financial statements for further details).

Note 15: 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**

(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) [1,3]	886	9,829
Value of options granted to financial advisors [2,3]	-	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. Further information about share based payments to Directors and key management personnel is made at Note 20 of the financial statements.

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. Refer to Note 20 of the financial statements for further details.

(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 16: Leases

Finance leases
The Group does not currently have any finance leases in place.

Operating leases

Lease arrangements
Patrys' office space at 343 Little Collins Street, Melbourne, Australia, is on a month to month lease. The lease for the Group's space in Würzburg, Germany (Patrys GmbH) requires two months notice of termination. The Company does not have an option to purchase the respective properties covered by these leases.

Non-cancellable operating lease commitments

	Consolidated 2015 $	2014 $
Not longer than 1 year	1,345	24,740
Total	**1,345**	**24,740**

Note 17: 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 18: Commitments and contingencies

(a) Acquisition Agreements

Agreement	Expected date of settlement
Vollmers Acquisition Agreement	Payments commenced in 2007; contingent payments possible for up to 20 years
OncoMab Acquisition Agreement	Contingent payments possible for up to 20 years
Würzburg Cooperation Agreement	Payments started in 2007; contingent payments possible for up to 20 years
Confirmation Assignment Agreement: Patrys, University of Würzburg and Acceptys, Inc.	Payments started in 2007; contingent payments possible for up to 20 years

Patrys has entered into several agreements whereby Patrys is obliged to make royalty payments on future sales and make future cash milestone payments if certain events occur. These agreements include:

- Vollmers Acquisition Agreement: milestone payments and royalty payments;
- OncoMab Acquisition Agreement: royalty payments;
- Würzburg Cooperation Agreements: royalty payments; and
- Confirmation Assignment Agreement: Patrys, University of Würzburg and Acceptys, Inc.: royalty payments.

Vollmers Acquisition Agreement
Patrys is committed to making certain milestone payments if certain hurdles are achieved as follows:

- milestone payments for products derived from the Vollmers Hybridomas and Residual Hybridomas, payable only once for each product, in the amount of $250,000 upon attaining the first Phase II clinical trials and a payment upon attaining regulatory approval in any of the following markets: US, Japan, UK, France, Germany, Italy or Spain;
- milestone payments for products derived from the PAT-SM6 LDL Rights in the amount of $250,000 upon attaining Phase II clinical trials, $400,000 for attaining Phase III clinical trials and a payment for regulatory approval in a major market; and
- certain later stage milestone payments (at regulatory approval) and royalties on sales of products derived from the assigned assets are also payable in amounts and at rates that are typical in the industry for transactions of this nature and for such products.

OncoMab Acquisition Agreement
Patrys must pay to OncoMab certain royalties on sales of products derived from the assigned assets in amounts and at rates that are typical in the industry for transactions of this nature and for such products.

Würzburg Cooperation Agreement
The University with the cooperation and sponsorship of the Company undertakes research in accordance with an agreed research and development plan. The University has assigned all of its intellectual property rights, title and interest in the new intellectual property (New IPR) created under the research project to the Company. Patrys must pay to the University certain royalties on sales of products derived from the New IPR in amounts and at rates that are typical in the industry for transactions of this nature and for such products.

Confirmation Assignment Agreement
The University of Würzburg assigned to Patrys all of its rights, title and interest in a library of hybridomas in consideration for payment of a lump sum of US$75,000 and royalties payable on the sale of products that derive from the New IPR. These payments and royalty rates are typical in the industry for transactions of such nature.

(b) Capital expenditure commitments

There was no capital expenditure contracted for at reporting date but not provided for in the accounts.

(c) Licence agreements

Patrys has entered into a number of licence agreements in respect of technologies and assets as outlined below:

Patrys - Crucell 2007 Research Licence Agreement
In May of 2007, Patrys entered into contracts with DSM Biologics Company and Crucell Holland B.V., covering the evaluation of Crucell's PER.C6® human antibody production technologies for potential use for Patrys' products. The contract was at the risk of DSM and Crucell in that no payments would be due from Patrys short of a successful result. In August of 2008, DSM and Crucell reported significantly positive results from this work (which was completed at a DSM/Crucell joint venture laboratory at DSM/Crucell cost). As part of these arrangements the Company entered into a research licence with Crucell in respect of the application of these technologies in 3 Patrys products. Under this agreement Patrys is committed to make an annual licence fee payment of €50,000. If Patrys wishes to commercialise any of the products developed under the research licence agreement it has the right to enter into a commercial license with Crucell which would incur annual payments and royalties payable on the sale of products that derive from the licensed PER.C6® cell line. These payments and royalty rates are typical in the industry for transactions of such nature.

Patrys - Crucell 2009 Research Licence Agreement
In July of 2009, Patrys entered into a research licence agreement with Crucell Holland B.V., covering the use of Crucell's PER.C6® human antibody production technologies for potential use for 5 Patrys' products. Patrys is committed to make an annual license fee of €50,000. If Patrys wishes to commercialise any of the products developed under the research licence agreement it has the right to enter into a commercial license with Crucell which would incur annual payments and royalties payable on the sale of products that derive from the licensed PER.C6® cell line. These payments and royalty rates are typical in the industry for transactions of such nature.

Patrys - Debiovision – Option License and Assignment Agreement
In August of 2009, Patrys acquired the rights to product SC-1 (renamed PAT-SC1) from Debiovision Inc. Once developed, Patrys royalties will be payable to Debiovision on the sale of products that derive from PAT-SC1. These royalty rates are typical in the industry for transactions of this nature.

(d) Other contingencies

Patrys Supplier Arrangements
As at reporting date projects had been committed to with suppliers and to the extent that work had been completed expenditure has been provided for in the accounts. Committed but unrecognised expenditure as at reporting date amounted to $56,069 (2014: $1,378,088).

Note 19: Financial instruments

(a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from 2007.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Notes 14, and 15, respectively. The Group operates globally, primarily through subsidiary companies established in the markets in which the Group trades. None of the Group's entities are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand the Group's assets.

Gearing ratio
The Group's Audit & Risk Committee reviews the capital structure on a half-yearly basis. As a part of this review the committee considers the cost of capital and the risks associated with each class of capital. The Group has a target gearing of 0% in line with the industry norm that is determined as the proportion of net debt to equity. Based on recommendations of the committee the Group will balance its overall capital structure through new share issues.

The gearing ratio at year end was as follows:

	Note	Consolidated 2015 $	2014 $
Financial assets			
Debt (i)		-	-
Cash and cash equivalents	6	4,646,527	8,643,507
Net cash/(debt)		**4,646,527**	**8,643,507**
Equity (ii)	14,15	3,970,340	12,434,269
Net debt to equity ratio		-	-

(i) Debt is defined as long-term and short-term borrowings.
(ii) Equity includes all capital and reserves as detailed in Note 14 and 15.

(b) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency rates. The Group's exposure to foreign currency is predominately in US dollars and Euros. The Group has maintained cash in US dollars and Euros to cover a portion of its anticipated US dollar and Euro expenditures. Prior to the closure of Patrys UK Limited the Group also had an exposure to Pounds Sterling. The Group is currently holding sufficient Pounds Sterling to cover anticipate costs associated with the wind up of Patrys UK Limited.

Other than the closure of Patrys UK Limited, there has been no material change to the Group's exposure to market risks or the manner in which it manages and measures risk from the previous period.

(c) Financial risk management objectives

The Group's treasury function monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk and liquidity risk. There have been no changes to these risks since the previous financial year.

The Board of Directors ensures that the Group maintains a competent management structure capable of defining, analysing, measuring and reporting on the effective control of risk inherent in the Group's underlying financial activities and the instruments used to manage risk. Key financial risks including interest rate risk and foreign currency risk are reviewed by management on a regular basis and are communicated to the Board so that it can evaluate and impose its oversight responsibility. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Company and the Group have a written policy regarding foreign exchange risk management. This and other financial risks are managed prudently by the Chief Operating Officer and the Audit & Risk Committee which meets at least three times a year.

The consolidated entity holds the following financial instruments:

	Note	Consolidated 2015 $	2014 $
Financial assets			
Cash and cash equivalents	6	4,646,527	8,643,507
Trade and other receivables	7	13,325	74,187
		4,659,852	**8,717,694**

		Consolidated 2015 $	2014 $
Financial liabilities			
Trade and other payables	11	668,905	2,143,821
Derivative financial instruments	12	-	40,607
		668,905	**2,184,428**

(d) Interest rate risk management

The Group's exposure to market interest rates relates primarily to the Group's short term deposits held and deposits at call. The interest income earned from these balances can vary due to interest rate changes.

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 10 percent increase or decrease in the interest rate is used and represents management's assessment of the possible change in interest rates and historically is within a range of rate movements.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the statement of financial position date. At 30 June 2015, if interest rates had moved, as illustrated in the table below, with all other variables held constant, pre-tax result and equity would have been affected as follows:

Consolidated	- 10%		+ 10%	
	Profit $	Equity $	Profit $	Equity $
30 June 2015				
Financial Assets				
Cash and cash equivalents	(9,761)	(9,761)	9,761	9,761
30 June 2014				
Financial Assets				
Cash and cash equivalents	(17,519)	(17,519)	17,519	17,519

(e) Liquidity risk

Liquidity risk is the risk that the Group will not be able to pay its debts as and when they fall due. The Group has no borrowings at reporting date and the Directors ensure that the cash on hand is sufficient to meet the commitments of the Group at all times during the research and development phase.

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash and where necessary unutilised borrowing facilities are maintained.

Financing arrangements
The Group does not have access to any borrowing facilities at the reporting date.

Maturities of financial liabilities
The tables below analyse the Group's financial liabilities.

Consolidated	0 -12 months	Maturing 1 to 3 years	Total
30 June 2015			
Financial Liabilities			
Trade and other payables	668,905	-	668,905
	668,905	**-**	**668,905**
30 June 2014			
Financial Liabilities			
Trade and other payables	2,143,821	-	2,143,821
Derivative financial instruments	40,607	-	40,607
	2,184,428	**-**	**2,184,428**

All current balances mature within one year; all non-current balances mature in between one and three years.

(f) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuation arise. Exchange rate exposures are managed within approved policy parameters. The Group manages the currency risk by monitoring the trend of the US dollar and Euro. The Group maintains US dollar and Euro bank accounts to cover a portion of its anticipated expenditures in the respective foreign currencies.

The consolidated entity's foreign currency risk denominated financial assets and financial liabilities at the reporting date are as follows:

	30 June 2015			30 June 2014		
Consolidated	USD	Euro	GBP	USD	Euro	GBP
Financial Assets						
Cash and cash equivalents	756,855	279,105	2,300	2,681,757	436,567	299,862
Trade and other receivables	-	1,241	-	-	5,599	601
Financial Liabilities						
Trade and other payables	195,657	158,365	410	1,339,625	233,027	15,699

The following sensitivity analysis is based on the foreign currency risk exposures in existence at the statement of financial position date. A 10 percent increase or decrease in the foreign exchange rate is used and represents management's assessment of the possible change in foreign exchange rates and historically is within a range of rate movements. A positive number indicates an increase in result and other equity. A negative number indicates a decrease in result and other equity. At 30 June 2015, if foreign exchange rates had moved, as illustrated in the table below, with all other variables held constant, pre-tax result and equity would have been affected as follows:

Consolidated	- 10%		+ 10%	
	Profit $	Equity $	Profit $	Equity $
30 June 2015				
Financial Assets				
Cash and cash equivalents	155,189	155,189	(126,973)	(126,973)
Trade and other receivables	201	201	(164)	(164)
Financial Liabilities				
Trade and other payables	(54,028)	(54,028)	44,205	44,205
Derivative financial instruments	-	-	-	-
	101,362	**101,362**	**(82,932)**	**(82,932)**
30 June 2014				
Financial Assets				
Cash and cash equivalents	446,798	446,798	(365,562)	(365,562)
Trade and other receivables	1,022	1,022	(836)	(836)
		0		
Financial Liabilities		0		
Trade and other payables	(198,658)	(198,658)	162,538	162,538
Derivative financial instruments	(100,692)	(100,692)	74,033	74,033
	148,470	**148,470**	**(129,827)**	**(129,827)**

The maturity, settlement amounts and the average contractual exchange rates of the consolidated entity's outstanding forward foreign exchange contracts at the reporting date was as follows:

Consolidated	Sell Australian Dollars		Average Exchange Rate	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
Buy US Dollars				
Maturity				
0 – 3 months	-	-	-	-
3 – 6 months	-	1,000,000	-	0.9025

(g) Price risk

Price risk is the risk that future cashflows derived from financial instruments will be changed as a result of a market price movement, other than foreign currency rates and interest rates. The Group is not exposed to any material commodity price risks, other than those already described above.

Net fair values
The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their net fair values.

The net fair values of financial assets and financial liabilities are determined as follows:

- the net fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the net fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow theory.

(h) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate as a means of mitigating the risk of financial loss from defaults.

In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Group and financial instruments are spread amongst a number of financial institutions to minimise the risk of default of counterparties.

(i) Fair value hierarchy

The Group does not have any Level 1 and Level 3 assets or liabilities recorded at fair value.

Note 20: Share based payments

(a) Employee equity

The Company issues equity to Patrys (including subsidiaries Patrys GmbH and Patrys UK Limited) directors, employees and key consultants under either the Loan Share Plan (LSP) or the Executive Share Option Plan (ESOP). Under the plans, participants are issued with equity to foster an ownership culture within the Company to motivate them to achieve performance targets of the Group. Participation in the plans is at the Board's discretion and no individual has a contractual right to participate in the plans or to receive any guaranteed benefits.

The Company introduced the LSP in December 2009, following approval of the plan at the 2009 Annual General Meeting. Only Australian residents are eligible to participate in the plan. The plan allows non-recourse, interest free loans to be provided to eligible participants to acquire shares under the plan. When an issue is made it is treated as an in-substance grant of options and expensed over the vesting period because of the limited recourse nature of the loans. Generally shares issued under the plan vest over a three year period. The shares are acquired in the name of the participant and each participant authorises and appoints the Company Secretary to act on their behalf. Any dividends paid on the shares are used to repay the loan. If the participant leaves the Company, any shares that have not vested are bought back by the Company and cancelled along with the loan. In respect of shares that have vested, generally, the loan balance must be paid in full within six months of termination of appointment or the shares are sold and the proceeds applied to settle the loan balance. The issue price of the shares in the Company held under the LSP is not included in equity until the loan has been repaid.

Options are granted under the ESOP. Following the introduction of the LSP issues under the ESOP are generally only made to non-Australian residents. Under the ESOP each option granted converts into one ordinary share of Patrys Limited. Options are granted under the plan for no consideration and carry no dividend or voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. The options are typically issued in two or three equal tranches which vest over a three year period, each tranche having an expiry date of five years after vesting date. The exercise period in relation to an option, means the period in which the option may be exercised, and is specified by the Board. If a participant ceases to be appointed as a Director or employed by any member of the group (other than due to his/her death) then, generally, options that have vested at the date of cessation of appointment/employment will lapse if not exercised within six months of the cessation date. In the case of death of the participant then the exercise period is extended to twelve months. All unvested options will generally lapse on cessation.
The valuations of shares issued under the LSP and options issued under the ESOP are determined by using an industry standard option pricing model taking into account the terms and conditions upon which the instruments were issued.

The Board aims to ensure that the aggregate number of shares or options which may be issued pursuant to the LSP and ESOP shall not at any time exceed 5% of the total number of issued shares of the Company. All issues of shares or options under the plans are subject to approval by the Nomination & Remuneration Committee. In accordance with the rules of both the LSP and ESOP the Board has the ability to vary the terms in respect of issues in circumstances it considers appropriate.

The following share-based payment arrangements were in existence during the current and/or prior reporting period:

Shares in existence in the current and past period under the Loan Share Plan:

Loan Share Plan (LSP) - Series				Fair Value at Issue Date	
	Number	Issue date	Loan expiry date	Unit Price $	Amount $
Employees LSP Tranche 1a	307,351	02/12/2009	27/11/2015	0.0935	28,745
Employees LSP Tranche 2a	307,351	02/12/2009	27/11/2016	0.1003	30,837
Employees LSP Tranche 3a	240,661	02/12/2009	27/11/2017	0.1060	25,519
Employees LSP Tranche 3c	66,690	02/12/2009	27/03/2017	0.1060	7,072
Directors LSP Tranche 1	209,651	02/12/2009	27/11/2015	0.0935	19,608
Directors LSP Tranche 2a	75,026	02/12/2009	27/11/2016	0.1003	7,528
Directors LSP Tranche 2b	134,624	02/12/2009	30/06/2016	0.1003	13,507
Directors LSP Tranche 3a	75,026	02/12/2009	27/11/2017	0.1060	7,956
Directors LSP Tranche 3b	134,624	02/12/2009	30/06/2016	0.1060	14,275
Employees LSP Tranche 4a	180,436	01/07/2010	01/07/2016	0.0687	12,403
Employees LSP Tranche 5a	147,101	01/07/2010	01/07/2017	0.0728	10,706
Employees LSP Tranche 6a	147,101	01/07/2010	01/07/2018	0.0762	11,214
Employees LSP Tranche 5c	33,335	01/07/2010	22/03/2017	0.0728	2,426
Employees LSP Tranche 6c	33,335	01/07/2010	22/03/2017	0.0762	2,541
Employees LSP Tranche 7	75,000	18/08/2010	09/02/2016	0.0649	4,866
Employees LSP Tranche 8	75,000	18/08/2010	09/08/2016	0.0670	5,032
Directors LSP Tranche 4	176,591	29/10/2010	30/06/2016	0.0722	12,754
Directors LSP Tranche 5	176,591	29/10/2010	30/06/2016	0.0757	13,365
Directors LSP Tranche 6	176,591	29/10/2010	30/06/2016	0.0786	13,881
Employees LSP Tranche 9a	205,002	08/12/2011	08/12/2017	0.0271	5,556
Employees LSP Tranche 10a	204,999	08/12/2011	08/12/2018	0.0286	5,863
Employees LSP Tranche 11a	191,666	08/12/2011	08/12/2019	0.0299	5,731
Employees LSP Tranche 9b	50,000	08/12/2011	22/03/2017	0.0271	1,355
Employees LSP Tranche 10b	50,000	08/12/2011	22/03/2017	0.0286	1,430
Employees LSP Tranche 11b	50,000	08/12/2011	22/03/2017	0.0299	1,495
Employees LSP Tranche 11c	13,333	08/12/2011	27/06/2019	0.0299	399
Directors LSP Tranche 7	108,334	18/01/2012	18/01/2018	0.0277	3,001
Directors LSP Tranche 8	108,333	18/01/2012	18/01/2019	0.0292	3,163
Directors LSP Tranche 9	108,333	18/01/2012	18/01/2020	0.0353	3,824
Employees LSP Tranche 12	255,000	21/08/2012	21/08/2018	0.0148	3,774
Employees LSP Tranche 13a	225,000	21/08/2012	21/08/2019	0.0156	3,510
Employees LSP Tranche 13b	30,000	21/08/2012	27/06/2019	0.0156	468
Employees LSP Tranche 14a	225,000	21/08/2012	21/08/2020	0.0164	3,690
Employees LSP Tranche 14b	30,000	21/08/2012	27/06/2019	0.0164	492
Employees LSP Tranche 15	37,500	02/11/2012	02/05/2018	0.0251	941
Employees LSP Tranche 16	37,500	02/11/2012	02/11/2018	0.0258	968
Employees LSP Tranche 17	100,000	20/05/2014	20/05/2020	0.0213	2,132
Employees LSP Tranche 18	100,000	20/05/2014	20/05/2021	0.0229	2,286
Employees LSP Tranche 19	100,000	20/05/2014	20/05/2022	0.0242	2,419
	5,002,085				**296,732**

Options in existence in the current and past periods under the Executive Share Option Plan:

Executive Share Option Plan (ESOP) – Series				Fair Value at Grant Date	
	Number	Grant date	Expiry date	Unit Price $	Amount $
Directors ESOP Tranche 3	150,000	29/05/2007	29/05/2014	0.1764	26,460
Employees ESOP Tranche 5b	125,000	06/07/2007	05/07/2013	0.2692	33,650
Employees ESOP Tranche 8a	215,835	01/07/2008	01/07/2014	0.1738	37,520
Employees ESOP Tranche 9a	165,833	01/07/2008	01/07/2015	0.1892	31,381
Employees ESOP Tranche 10a	165,832	01/07/2008	01/07/2016	0.2024	33,571
Employees ESOP Tranche 13	57,500	01/07/2008	18/09/2013	0.1598	9,191
Employees ESOP Tranche 14	57,500	01/07/2008	18/03/2014	0.1689	9,712
Employees ESOP Tranche 15	65,000	01/07/2008	07/10/2013	0.1608	10,454
Employees ESOP Tranche 16	65,000	01/07/2008	07/04/2014	0.1699	11,041
Employees ESOP Tranche 17	125,000	19/12/2008	20/04/2014	0.0499	6,235
Employees ESOP Tranche 18	125,000	19/12/2008	20/10/2014	0.0535	6,693
Directors ESOP Tranche 4	480,000	28/12/2008	25/05/2014	0.0414	19,869
Directors ESOP Tranche 5	480,000	28/12/2008	25/05/2015	0.0490	23,519
Directors ESOP Tranche 6	240,000	28/12/2008	25/05/2016	0.5421	13,010
Employees ESOP Tranche 19	177,486	02/12/2009	27/11/2015	0.0935	16,599
Employees ESOP Tranche 20	177,489	02/12/2009	27/11/2016	0.1003	17,808
Employees ESOP Tranche 21	165,585	02/12/2009	27/11/2017	0.1060	17,558
Employees ESOP Tranche 22	107,801	01/07/2010	01/07/2016	0.0687	7,410
Employees ESOP Tranche 23	100,602	01/07/2010	01/07/2017	0.0728	7,322
Employees ESOP Tranche 24	100,602	01/07/2010	01/07/2018	0.0762	7,669
Employees ESOP Tranche 25	90,668	08/12/2011	08/12/2017	0.0271	2,457
Employees ESOP Tranche 26	90,666	08/12/2011	08/12/2018	0.0286	2,593
Employees ESOP Tranche 27	90,666	08/12/2011	08/12/2019	0.0299	2,711
Employees ESOP Tranche 28	76,667	21/08/2012	21/08/2018	0.0148	1,135
Employees ESOP Tranche 29	76,667	21/08/2012	21/08/2019	0.0156	1,196
Employees ESOP Tranche 30	76,666	21/08/2012	21/08/2020	0.0164	1,257
Directors ESOP Tranche 7	125,000	02/11/2012	02/11/2018	0.0253	3,163
Directors ESOP Tranche 8	125,000	02/11/2012	02/11/2019	0.0271	3,388
Directors ESOP Tranche 9	125,000	02/11/2012	02/11/2020	0.0283	3,538
Employees ESOP Tranche 31	150,000	20/05/2014	20/05/2020	0.0213	3,198
Employees ESOP Tranche 32	150,000	20/05/2014	20/05/2021	0.0229	3,429
Employees ESOP Tranche 33	150,000	20/05/2014	20/05/2022	0.0242	3,628
	4,674,065				**378,365**

The weighted average fair value of the shares and options issued during the financial year under the LSP is N/A (2014: $0.0228) and the ESOP is N/A (2014: $0.0228). These shares and options were priced using standard industry pricing models. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the share loans and options), and behavioural considerations. Expected volatility is based on the historical share price volatility over the past year.

The following reconciles the outstanding shares issued under the Loan Share Plan at the beginning and end of the financial year:

Consolidated	2015		2014	
	Number of shares	Weighted average issue price	Number of shares	Weighted average issue price
Balance at beginning of the financial year	5,002,085	0.0831	4,702,085	0.0853
Granted during the financial year	-	-	300,000	0.0500
Cancelled during the financial year	-	-	-	-
Loans repaid during the financial year	-	-	-	-
Loans cancelled during the financial year	(475,000)	0.0576	-	-
Balance at end of the financial year	**4,527,085**	**0.0832**	**5,002,085**	**0.0831**
Weighted average remaining contractual life	2.4230 Years		3.4499 Years	
Shares vested and loans repayable at end of the financial year	4,102,085	0.0911	3,952,086	0.0960

Shares issued in the current and past periods under the Loan Share Plan:

Loan Share Plan - Series	Issue price $	Balance at start of year	Issued during the year	Loans repaid during the year	Loans cancelled during the year	Balance at end of year	Vested & repayable at the end of the year	Not vested at the end of the year
Shares issued prior to 30 June 2015								
Director LSP Tranche 1	0.144	209,651	-	-	-	209,651	209,651	-
Director LSP Tranche 2	0.144	209,650	-	-	-	209,650	209,650	-
Director LSP Tranche 3	0.144	209,650	-	-	-	209,650	209,650	-
Employee LSP Tranche 1	0.144	307,351	-	-	-	307,351	307,351	-
Employee LSP Tranche 2	0.144	307,351	-	-	-	307,351	307,351	-
Employee LSP Tranche 3	0.144	307,351	-	-	-	307,351	307,351	-
Employee LSP Tranche 4	0.106	180,436	-	-	-	180,436	180,436	-
Employee LSP Tranche 5	0.106	180,436	-	-	-	180,436	180,436	-
Employee LSP Tranche 6	0.106	180,436	-	-	-	180,436	180,436	-
Employee LSP Tranche 7	0.10	75,000	-	-	(75,000)	-	-	-
Employee LSP Tranche 8	0.10	75,000	-	-	(75,000)	-	-	
Director LSP Tranche 4	0.083	176,591	-	-	-	176,591	176,591	-
Director LSP Tranche 5	0.083	176,591	-	-	-	176,591	176,591	-
Director LSP Tranche 6	0.083	176,591	-	-	-	176,591	176,591	-
Employee LSP Tranche 9	0.039	255,002	-	-	-	255,002	255,002	-
Employee LSP Tranche 10	0.039	254,999	-	-	-	254,999	254,999	-
Employee LSP Tranche 11	0.039	254,999	-	-	-	254,999	254,999	-
Director LSP Tranche 7	0.038	108,334	-	-	(108,334)	-	-	-
Director LSP Tranche 8	0.038	108,333	-	-	(108,333)	-	-	-
Director LSP Tranche 9	0.038	108,333	-	-	(108,333)	-	-	-
Employee LSP Tranche 12	0.022	255,000	-	-	-	255,000	255,000	-
Employee LSP Tranche 13	0.022	255,000	-	-	-	255,000	255,000	-
Employee LSP Tranche 14	0.022	255,000	-	-	-	255,000	30,000	225,000
Employee LSP Tranche 15	0.03	37,500	-	-	-	37,500	37,500	-
Employee LSP Tranche 16	0.03	37,500	-	-	-	37,500	37,500	-
Employee LSP Tranche 17	0.05	100,000	-	-	-	100,000	100,000	-
Employee LSP Tranche 18	0.05	100,000	-	-	-	100,000	-	100,000
Employee LSP Tranche 19	0.05	100,000	-	-	-	100,000	-	100,000
		5,002,085	**-**	**-**	**(475,000)**	**4,527,085**	**4,102,085**	**425,000**

The following reconciles the outstanding share options granted under the Executive Share Option Plan at the beginning and end of the financial year:

Consolidated	2015		2014	
	Number of shares	Weighted average issue price	Number of shares	Weighted average issue price
Balance at beginning of the financial year	3,458,059	0.2093	4,133,059	0.2093
Granted during the financial year	-	-	450,000	0.0500
Lapsed during the financial year	(450,000)	0.0333	-	-
Exercised during the financial year	-	-	-	-
Expired during the financial year	(767,501)	0.2607	(1,125,000)	0.3243
Balance at end of the financial year	**2,240,558**	**0.1374**	**3,458,059**	**0.1512**
Weighted average remaining contractual life	2.583 Years		3.187 Years	
Exercisable at end of the financial year	1,913,892	0.1534	2,514,060	0.2561

Options granted in the current and past periods:

Option - Series	Exercise price $	Balance at start of year	Granted during the year	Exercised during the year	Lapsed/ expired during the year	Balance at end of year	Vested & able to be exercised at the end of the year	Not vested & not able to be exercised at the end of the year
Options issued prior to 30 June 2015								
Employee ESOP Tranche 8	0.33	162,501	-	-	(162,501)	-	-	-
Employee ESOP Tranche 9	0.33	162,500	-	-	-	162,500	162,500	-
Employee ESOP Tranche10	0.33	162,499	-	-	-	162,499	162,499	-
Employee ESOP Tranche18	0.17	125,000	-	-	(125,000)	-	-	-
Director ESOP Tranche 5	0.2609	480,000	-	-	(480,000)	-	-	-
Director ESOP Tranche 6	0.2609	240,000	-	-	-	240,000	240,000	-
Employee ESOP Tranche19	0.144	165,584	-	-	-	165,584	165,584	-
Employee ESOP Tranche20	0.144	165,585	-	-	-	165,585	165,585	
Employee ESOP Tranche21	0.144	165,585	-	-	-	165,585	165,585	-
Employee ESOP Tranche22	0.106	100,601	-	-	-	100,601	100,601	-
Employee ESOP Tranche23	0.106	100,602	-	-	-	100,602	100,602	-
Employee ESOP Tranche24	0.106	100,602	-	-	-	100,602	100,602	-
Employee ESOP Tranche25	0.039	90,668	-	-	-	90,668	90,668	-
Employee ESOP Tranche26	0.039	90,666	-	-	-	90,666	90,666	-
Employee ESOP Tranche27	0.039	90,666	-	-	-	90,666	90,666	-
Employee ESOP Tranche28	0.022	76,667	-		-	76,667	76,667	-
Employee ESOP Tranche29	0.022	76,667	-		-	76,667	76,667	-
Employee ESOP Tranche30	0.022	76,666	-		-	76,666	-	76,666
Director ESOP Tranche 7	0.03	125,000	-		(125,000)	-	-	-
Director ESOP Tranche 8	0.03	125,000	-		(125,000)	-	-	-
Director ESOP Tranche 9	0.03	125,000	-		(125,000)	-	-	-
Employee ESOP Tranche31	0.05	150,000	-	-	(25,000)	125,000	125,000	-
Employee ESOP Tranche32	0.05	150,000	-	-	(25,000)	125,000	-	125,000
Employee ESOP Tranche33	0.05	150,000	-	-	(25,000)	125,000	-	125,000
		3,458,059	**-**	**-**	**(1,142,501)**	**2,240,558**	**1,913,892**	**326,666**

(b) Fair values of share based payments

The fair value of all loan shares and options granted to Directors, key management personnel, consultants, other employees and the financial advisor have been calculated using the Binomial Option Pricing Model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise (including the probability of meeting market conditions attached to the option), and behavioural considerations. The model requires the Company share price volatility to be measured. The share price volatility has been measured with reference to the historical share prices of the Company and other similar Companies.

The fair value of share based payments is calculated on the date of issue less any consideration paid. The values are not revised if there is a subsequent change in terms except in the case of a Rights Issue. In these circumstances, as per the terms of issue, options are repriced in accordance with ASX Listing Rule 6.22. As required by AASB 2 para 47(c) the values of the options are revised (refer to Note 20(d)).

Details in respect of the fair value of equity, on issue/grant date, that was in existence at reporting date are outlined below. For details in respect of equity that was repriced on 19 December 2013 (the Repricing Date) refer to Note 20(c).

Equity Instrument	Loan /Exercise price $	Share price on issue Date $	Volatility	Vesting date	Time to maturity	Risk free interest rate	Expected dividend yield
Equity issued prior to 30 June 2015							
Employees ESOP Tranche 9	0.33	0.30	60%	01/07/2010	7 years	8.5%	-
Employees ESOP Tranche 10	0.33	0.30	60%	01/07/2011	8 years	8.5%	-
Directors ESOP Tranche 6	0.2609	0.09	75%	25/05/2011	7.5 years	5.8%	-
Directors LSP Tranche 1	0.144	0.145	75%	27/11/2010	6 years	7.35%	-
Directors LSP Tranche 2	0.144	0.145	75%	27/11/2011	7 years	7.40%	-
Directors LSP Tranche 3	0.144	0.145	75%	27/11/2012	8 years	7.44%	-
Employees LSP Tranche 1	0.144	0.145	75%	27/11/2010	6 years	7.35%	-
Employees LSP Tranche 2	0.144	0.145	75%	27/11/2011	7 years	7.40%	-
Employees LSP Tranche 3	0.144	0.145	75%	27/11/2012	8 years	7.44%	-
Employees ESOP Tranche 19	0.144	0.145	75%	27/11/2010	6 years	7.35%	-
Employees ESOP Tranche 20	0.144	0.145	75%	27/11/2011	7 years	7.40%	-
Employees ESOP Tranche 21	0.144	0.145	75%	27/11/2012	8 years	7.44%	-
Employees ESOP Tranche 22	0.106	0.10	75%	01/07/2011	6 years	7.00%	-
Employees ESOP Tranche 23	0.106	0.10	75%	01/07/2012	7 years	7.05%	-
Employees ESOP Tranche 24	0.106	0.10	75%	01/07/2013	8 years	7.11%	-
Employees LSP Tranche 4	0.106	0.10	75%	01/07/2011	6 years	7.00%	-
Employees LSP Tranche 5	0.106	0.10	75%	01/07/2012	7 years	7.05%	-
Employees LSP Tranche 6	0.106	0.10	75%	01/07/2013	8 years	7.11%	-
Directors LSP Tranche 4	0.083	0.09	75%	29/10/2011	6 years	6.58%	-
Directors LSP Tranche 5	0.083	0.09	75%	29/10/2012	7 years	6.65%	-
Directors LSP Tranche 6	0.083	0.09	75%	29/10/2013	8 years	6.69%	-
Employees LSP Tranche 9	0.039	0.04	75%	08/12/2012	6 years	5.55%	-
Employees LSP Tranche 10	0.039	0.04	75%	08/12/2013	7 years	5.45%	-
Employees LSP Tranche 11	0.039	0.04	75%	08/12/2014	8 years	5.45%	-
Employees ESOP Tranche 25	0.039	0.04	75%	08/12/2012	6 years	5.55%	-
Employees ESOP Tranche 26	0.039	0.04	75%	08/12/2013	7 years	5.45%	-
Employees ESOP Tranche 27	0.039	0.04	75%	08/12/2014	8 years	5.45%	-
Employees LSP Tranche 12	0.022	0.022	75%	21/08/2013	6 years	4.95%	-
Employees LSP Tranche 13	0.022	0.022	75%	21/08/2014	7 years	5.10%	-
Employees LSP Tranche 14	0.022	0.022	75%	21/08/2015	8 years	5.10%	-
Employees ESOP Tranche 28	0.022	0.022	75%	21/08/2013	6 years	4.95%	-
Employees ESOP Tranche 29	0.022	0.022	75%	21/08/2014	7 years	5.10%	-
Employees ESOP Tranche 30	0.022	0.022	75%	21/08/2015	8 years	5.10%	-
Directors ESOP Tranche 7	0.030	0.036	75%	02/11/2013	6 years	5.15%	-
Directors ESOP Tranche 8	0.030	0.036	75%	02/11/2014	7 years	5.40%	-
Directors ESOP Tranche 9	0.030	0.036	75%	02/11/2015	8 years	5.65%	-
Employees LSP Tranche 15	0.030	0.036	75%	02/05/2013	5.5 years	4.95%	-
Employees LSP Tranche 16	0.030	0.036	75%	02/11/2014	6 years	5.15%	-
Employees LSP Tranche 17	0.050	0.034	75%	20/05/2015	6 years	4.70%	
Employees LSP Tranche 18	0.050	0.034	75%	20/05/2016	7 years	4.79%	
Employees LSP Tranche 19	0.050	0.034	75%	20/05/2017	8 years	4.90%	
Employees ESOP Tranche 31	0.050	0.034	75%	20/05/2015	6 years	4.70%	
Employees ESOP Tranche 32	0.050	0.034	75%	20/05/2016	7 years	4.79%	
Employees ESOP Tranche 33	0.050	0.034	75%	20/05/2017	8 years	4.90%	

(c) Repricing of options

On 13 November 2013 the Company announced a Rights Issue which resulted in a number of options on issue being repriced in accordance with ASX Listing Rule 6.22. The following table sets out the original exercise prices and the modified prices as determined by ASX Listing Rule 6.22:

Equity Instrument	Grant date	No. of options	Expiry date	Original exercise price $	New exercise price $[1]	Incremental fair value as a result of repricing $
Directors ESOP Tranche 3	29/05/2007	150,000	29/05/2014	0.45	0.4425	-
Employees ESOP Tranche 8	01/07/2008	162,501	01/07/2014	0.33	0.3225	-
Employees ESOP Tranche 9	01/07/2008	162,500	01/07/2015	0.33	0.3225	-
Employees ESOP Tranche 10	01/07/2008	162,499	01/07/2016	0.33	0.3225	49
Employees ESOP Tranche 14	01/07/2008	65,000	07/04/2014	0.33	0.3225	-
Employees ESOP Tranche 16	01/07/2008	57,500	18/03/2014	0.33	0.3225	-
Employees ESOP Tranche 17	19/11/2008	125,000	20/04/2014	0.17	0.1625	13
Employees ESOP Tranche 18	19/11/2008	125,000	20/10/2014	0.17	0.1625	75
Directors ESOP Tranche 4	28/11/2008	480,000	25/05/2014	0.2609	0.2534	-
Directors ESOP Tranche 5	28/11/2008	480,000	25/05/2015	0.2609	0.2534	144
Directors ESOP Tranche 6	28/11/2008	240,000	25/05/2016	0.2609	0.2534	48
Employees ESOP Tranche 19	02/12/2009	165,584	27/11/2015	0.144	0.1365	149
Employees ESOP Tranche 20	02/12/2009	165,585	27/11/2016	0.144	0.1365	182
Employees ESOP Tranche 21	02/12/2009	165,585	27/11/2017	0.144	0.1365	149
Employees ESOP Tranche 22	01/07/2010	100,601	01/07/2016	0.106	0.0985	111
Employees ESOP Tranche 23	01/07/2010	100,602	01/07/2017	0.106	0.0985	101
Employees ESOP Tranche 24	01/07/2010	100,602	01/07/2018	0.106	0.0985	80
Employees ESOP Tranche 25	08/12/2011	90,668	08/12/2017	0.039	0.0315	236
Employees ESOP Tranche 26	08/12/2011	90,666	08/12/2018	0.039	0.0315	245
Employees ESOP Tranche 27	08/12/2011	90,666	08/12/2019	0.039	0.0315	209
Employees ESOP Tranche 28	21/08/2012	76,667	21/08/2018	0.022	0.0145	207
Employees ESOP Tranche 29	21/08/2012	76,667	21/08/2019	0.022	0.0145	345
Employees ESOP Tranche 30	21/08/2012	76,666	21/08/2020	0.022	0.0145	107
Financial Advisor Options	21/08/2012	18,400,000	30/06/2014	0.05	0.0425	75,440
Directors ESOP Tranche 7	02/11/2012	125,000	02/11/2018	0.03	0.0225	288
Directors ESOP Tranche 8	02/11/2012	125,000	02/11/2019	0.03	0.0225	262
Directors ESOP Tranche 9	02/11/2012	125,000	02/11/2020	0.03	0.0225	312
Totals		**22,285,559**				**78,752**

1. The Market Price at the effective date of the repricing of the options (19 December 2013) was 6 cents.

There has been no repricing of options during the current financial year.

Fair value of repriced options

The fair value at modification date (19 December 2013) has been calculated using the Binomial Option Pricing Model as outlined in Note 20(c). The inputs used for the repriced options on 19 December 2013 were as follows:

Equity Instrument	Repriced exercise price $	Share price on modification Date	Volatility	Vesting date	Time to maturity	Risk free interest rate	Expected dividend yield
Directors ESOP Tranche 3	0.4425	0.06	75%	29/05/2009	161 days	2.50%	-
Employees ESOP Tranche 8	0.3225	0.06	75%	01/07/2009	194 days	2.55%	-
Employees ESOP Tranche 9	0.3225	0.06	75%	01/07/2010	1.5 years	2.93%	-
Employees ESOP Tranche 10	0.3225	0.06	75%	01/07/2011	2.5 years	3.33%	-
Employees ESOP Tranche 14	0.3225	0.06	75%	18/03/2009	89 days	2.50%	-
Employees ESOP Tranche 16	0.3225	0.06	75%	07/04/2009	109 days	2.50%	-
Employees ESOP Tranche 17	0.1625	0.06	75%	20/04/2009	122 days	2.50%	-
Employees ESOP Tranche 18	0.1625	0.06	75%	20/10/2009	305 days	2.80%	-
Directors ESOP Tranche 4	0.2534	0.06	75%	25/05/2009	157 days	2.55%	-
Directors ESOP Tranche 5	0.2534	0.06	75%	25/05/2010	1.4 years	2.93%	-
Directors ESOP Tranche 6	0.2534	0.06	75%	25/05/2011	2.4 years	3.33%	-
Employees ESOP Tranche 19	0.1365	0.06	75%	27/11/2010	1.9 years	3.05%	-
Employees ESOP Tranche 20	0.1365	0.06	75%	27/11/2011	2.9 years	3.60%	-
Employees ESOP Tranche 21	0.1365	0.06	75%	27/11/2012	3.9 years	3.60%	-
Employees ESOP Tranche 22	0.0985	0.06	75%	01/07/2011	2.5 years	3.33%	-
Employees ESOP Tranche 23	0.0985	0.06	75%	01/07/2012	3.5 years	3.60%	-
Employees ESOP Tranche 24	0.0985	0.06	75%	01/07/2013	4.5 years	3.60%	-
Employees ESOP Tranche 25	0.0315	0.06	75%	08/12/2012	4 years	3.60%	-
Employees ESOP Tranche 26	0.0315	0.06	75%	08/12/2013	5 years	3.60%	-
Employees ESOP Tranche 27	0.0315	0.06	75%	08/12/2014	6 years	3.60%	-
Employees ESOP Tranche 28	0.0145	0.06	75%	21/08/2013	4.7 years	3.60%	-
Employees ESOP Tranche 29	0.0145	0.06	75%	21/08/2014	5.7 years	3.60%	-
Employees ESOP Tranche 30	0.0145	0.06	75%	21/08/2015	6.7 years	3.60%	-
Financial Advisor Options[1]	0.0425	0.06	75%	21/08/2012	193 days	2.55%	-
Directors ESOP Tranche 7	0.0225	0.06	75%	02/11/2013	4.9 years	3.60%	-
Directors ESOP Tranche 8	0.0225	0.06	75%	02/11/2014	5.9 years	3.60%	-
Directors ESOP Tranche 9	0.0225	0.06	75%	02/11/2015	6.9 years	3.60%	-

1. Consideration of 0.01 cents per share was received for the Financial Advisor Options.

(d) Share based payments

The amount expensed in relation to equity settled share based payments to the statement of profit or loss and other comprehensive income was $3,921 (2014: $20,119).

Note 21: Key management personnel

(a) Details of key management personnel

The Directors and other members of key management personnel of the Company during the year were:

Name	Position
Mr. John Read	Non-Executive Chairman
Mr. Michael Stork	Non-Executive Director
Dr. James Campbell	Managing Director and Chief Executive Officer
Ms. Suzy Jones	Non-Executive Director
Dr. Marie Roskrow	Managing Director and Chief Executive Officer (Retired 29 October 2014)
Mr. Roger McPherson	Chief Operating Officer (incorporating Chief Financial Officer and Company Secretary)

(b) Key management personnel compensation

The aggregate compensation made to Directors and other members of key management personnel of the Company is set out below:

	2015	*2014*
	$	*$*
Short term employee benefits	748,597	884,472
Post-employment benefits	47,210	24,610
Equity based payments	1,296	9,685
	797,103	**918,767**

Further disclosures regarding key management personnel compensation are contained within the Remuneration Report.

Note 22: Related party transactions

(a) Equity interests in related parties

Consolidated	Country of Incorporation	Class of share	Percentage Owned *2015*	Percentage Owned *2014*
Parent Entity:				
Patrys Limited	Australia			
Controlled Entities:				
Patrys GmbH	Germany	Ordinary	100%	100%
Patrys UK Limited	UK	Ordinary	100%	100%

The Group has applied to have Patrys UK Limited struck off the register at Companies House in the UK as this entity is no longer active. This process can take some time so the Company will therefore continue to form part of the Group until this process has been completed.

The consolidated financial statements incorporate the assets, liabilities and results of these subsidiaries in accordance with the accounting policy described in Note 1(c).

(b) Transactions with controlled entities

The parent entity has signed a Services Agreement with Patrys GmbH (a wholly owned subsidiary) to reimburse the subsidiary its expenses plus 5%. The amount expensed for the period to 30 June 2015 was $626,948 (2014: $614,144). An inter-Company loan balance at 30 June 2015 of ($282,440) (2014: ($66,071)) will be settled during the year ending 30 June 2016. This loan is non-interest bearing and unsecured.

The parent entity has signed a Services Agreement with Patrys UK Limited (a wholly owned subsidiary) to reimburse the subsidiary its expenses. Patrys UK Limited ceased activity at 28 February 2015. The amount expensed for the period to 28 February 2015 was $256,967 (2014: $654,662). The inter-Company loan balance was settled during the year. At 30 June 2014 the intercompany loan balance was $438,977. This loan was non-interest bearing and unsecured.

(c) Receivable from and payable to related parties

In addition to inter-Company loan balances with the subsidiaries, the following balances were outstanding at 30 June 2015 in relation to transactions with related parties:

	Consolidated 2015 $	2014 $
Current payables		
Trade payables to director related entity of Mr. John Read for directors' fees for his services	23,750	23,750

There were no other loans to or from related parties at the current and previous reporting date. All transactions were made on normal commercial terms and conditions and at market rates.

(d) Transactions with key management personnel

Details of key management personnel compensation are disclosed in note 21 and the Remuneration Report.

Note 23: Parent Entity Information

Information relating to Patrys Limited:

	30 June 2015 $	30 June 2014 $
Current assets	4,319,200	8,524,094
Total assets	4,555,081	14,500,099
Current liabilities	714,655	2,190,646
Total liabilities	770,615	2,233,942
Net assets	**3,784,466**	**12,266,157**
Issued capital	59,675,971	59,675,971
Accumulated Losses	(56,332,560)	(47,925,140)
Share option reserve	167,008	228,252
Loan share plan reserve	274,047	287,074
Total shareholders' equity	**3,784,466**	**12,266,157**
Profit or (loss) of the parent entity	(8,485,612)	(7,307,586)
Total comprehensive income of the parent entity	(8,485,612)	(7,307,586)
Details of any guarantees entered into by the parent entity in relation to the debts of its subsidiaries	NIL	NIL
Details of any contingent liabilities of the parent entity	Refer Note 18	Refer Note 18
Details of any contractual commitments by the parent entity for the acquisition of property, plant or equipment.	NIL	NIL

Note 24: 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 is not regarded as being a separate segment.

Note 25: Events occurring after the reporting period

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.

DECLARATION BY DIRECTORS

The directors of the company declare that:

(1) The attached financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes, are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
   (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date.

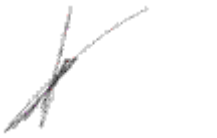
(2) The attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements.

(3) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

(4) The directors have been given the declarations by the chief executive officer and chief operating officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to section 295(5)a of the Corporations Act 2001.

On behalf of the directors by:



Mr. John Read
Director

Date: 10 September 2015



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INDEPENDENT AUDITOR'S REPORT

To the members of Patrys Limited

Report on the Financial Report
We have audited the accompanying financial report of Patrys Limited, which comprises the consolidated statement of financial position as at 30 June 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 year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report
The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility
Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence
In conducting our audit, 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 report.

Opinion
In our opinion:

(a) the financial report of Patrys Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

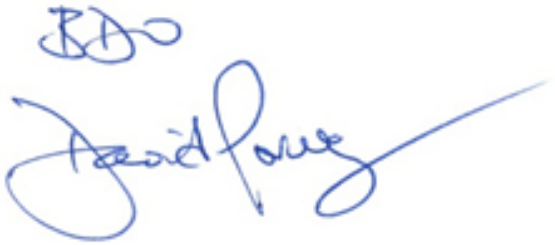
  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report
We have audited the Remuneration Report included in pages 9 to 16 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion
In our opinion, the Remuneration Report of Patrys Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership



David Garvey
Partner

Melbourne, 10 September 2015

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

SHAREHOLDER INFORMATION

A. Substantial shareholders

The Company's Holders of Relevant Interests as notified by ASX Substantial Shareholders and the number of shares in which they have an interest as disclosed by notices received under Part 6.7 of the Corporations Act 2001 as at 31 August 2015 are:

Name	*Ordinary Shares*
Stork Holdings 2010 Ltd	95,731,764
Dr. Dax Marcus Calder	54,874,916

B. Number of holders of equity securities and voting rights

	Ordinary Shares (i)	*Share Options (ii)*
Number of holdings as at 31 August 2015	1,715	7

The voting rights attaching to each class of equity securities are:

(i) Ordinary shares

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.

(ii) Options

No voting rights.

C. Distribution of equity securities

Distribution of holders of equity securities as at 31 August 2015:

No. of holders	*Ordinary Shares*	*Options*
1 - 1,000	61	-
1,001 - 5,000	73	-
5,001 - 10,000	125	-
10,001 - 100,000	753	3
100,001 and over	703	4
	1,715	**7**
Number of holders of less than a marketable parcel of shares	856	

D. 20 largest holders of quoted securities

The names of the 20 largest shareholders of each class of equity security as at 31 August 2015 are listed below:

No.	*Name*	*No. of shares held*	*% of total shares*
1.	Stork Holdings 2010 Ltd	95,731,764	13.74
2.	Dr Dax Marcus Calder	54,874,916	7.88
3.	Hsbc Custody Nominees (Australia) Limited	25,412,591	3.65
4.	Oncomab Gmbh	20,250,000	2.91
5.	Mr Mladen Marusic	20,180,827	2.90
6.	Capita Trustees Limited	13,999,999	2.01
7.	Andrew John Fleck	11,000,000	1.58
8.	Marginata Pty Ltd	10,000,000	1.44
9.	Bell Potter Nominees Ltd	8,000,000	1.15
10.	J P Morgan Nominees Australia Limited	7,337,287	1.05
11.	Mr Paul Anthony Henry	7,000,000	1.00
12.	Mr Steven James Streicher	7,000,000	1.00
13.	Mr Xiaoke Xie	7,000,000	1.00
14.	Staffwear Pty Ltd	6,026,226	0.87
15.	Lamro Pty Ltd	5,000,000	0.72
16.	Transalley Pty Ltd	5,000,000	0.72
17.	Edstop Pty Limited	4,516,111	0.65
18.	Pensacola Pty Ltd	4,500,000	0.65
19.	Takeda Ventures Inc	4,471,000	0.64
20.	Cannington Corporation Pty Ltd	4,437,502	0.64
		321,738,223	**46.20**

SHAREHOLDER INFORMATION

E. Shares subject to restriction arrangements

The total number of shares subject to restriction arrangements is 4,527,085 shares. These shares were all issued under the Loan Share Plan and the escrow period ends on the latter of the date of repayment of the associated loan or as outlined below:

Date shares issued	*Vesting date*	*Number under shares*
02/12/2009	27/11/2010	517,002
02/12/2009	30/06/2011	269,248
02/12/2009	27/11/2011	382,377
02/12/2009	27/11/2012	315,687
02/12/2009	22/03/2012	66,690
01/07/2010	01/07/2011	180,436
01/07/2010	22/03/2012	66,670
01/07/2010	01/07/2012	147,101
01/07/2010	01/07/2013	147,101
29/10/2010	30/06/2011	529,773
08/12/2011	22/03/2012	150,000
08/12/2011	08/12/2012	205,002
08/12/2011	08/12/2013	204,999
08/12/2011	27/06/2014	13,333
08/12/2011	08/12/2014	191,666
21/08/2012	21/08/2013	255,000
21/08/2012	27/06/2014	60,000
21/08/2012	21/08/2014	225,000
21/08/2012	21/08/2015	225,000
02/11/2012	02/05/2013	37,500
02/11/2012	02/11/2013	37,500
20/05/2014	20/05/2015	100,000
20/05/2014	20/05/2016	100,000
20/05/2014	20/05/2017	100,000
		4,527,085

BOARD OF DIRECTORS AND COMPANY PARTICULARS

Directors
- John Read
- James Campbell
- Michael Stork
- Suzy Jones

Secretary
- Roger McPherson

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Website
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Auditors
BDO
East Coast Partnership
Level 14, 140 William Street
Melbourne VIC 3000

Australian Company Number
123 055 363

Share Registry
Computershare Investor Services Pty Ltd
Yarra Falls
452 Johnston Street
Abbotsford VIC 3067

Stock Exchange Listing
Australian Securities Exchange
(ASX Code:PAB)