



PATRY'S LIMITED
ABN 97 123 055 363

**APPENDIX 4D HALF YEAR REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016**

PROVIDED TO THE ASX UNDER LISTING RULE 4.2A.3

Patrys Limited ABN 97 123 055 363
Appendix 4D (Rule 4.2A.3)
Half-year report for the six months ended 31 December 2016

Results for announcement to the market

| | | Movement | \$ |
|--|------|-------------------------|-------------------------|
| Revenues from ordinary activities | up | 28.8% to | 756,649 |
| Loss from ordinary activities after tax attributable to the Owners of Patrys Limited | down | 13.0% to | (502,102) |
| Loss for the half-year attributable to the Owners of Patrys Limited | down | 13.0% to | (502,102) |
| | | 31 December 2016 | 31 December 2015 |
| | | Cents | Cents |
| Basic earnings per share | | (0.07) | (0.08) |
| Diluted earnings per share | | (0.07) | (0.08) |

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the Consolidated Entity after providing for income tax amounted to \$502,102 (31 December 2015: \$577,214).

The working capital position as at 31 December 2016 of the consolidated entity results in an excess of current assets over current liabilities of \$2,496,452.

Control gained over entities

Not applicable.

Loss of control over entities

Not applicable.

Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

Dividend reinvestment plans

Not applicable.

**Patrys Limited
Appendix 4D
Half-year report**

Details of associates and joint venture entities

Not applicable.

Foreign entities

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

Not applicable.

Audit qualification or review

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


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

Attachments

Details of attachments (if any):

The Half-year financial report of Patrys Limited for the half-year ended 31 December 2016 is attached.

Signed



John Read
Chairman

Dated 22 February 2017

Patrys Limited
ABN 97 123 055 363

patrys

Half-year financial report - 31 December 2016

Patrys Limited
Corporate directory
31 December 2016

Directors

Mr. John Read (Non-Executive Chairman)
Mr. Michael Stork (Non-Executive Director and Deputy Chairman)
Ms. Suzy Jones (Non-Executive Director)
Dr. James Campbell (Managing Director & CEO)

Company Secretary

Melanie Leydin

Registered Office

Level 4, 100 Albert Road
South Melbourne, VIC 3205
Phone: +61 3 9692 7222

Principal Place of Business

Level 4, 100 Albert Road
South Melbourne, VIC 3205

Share Register

Computershare Investor Services Pty Limited
452 Johnston Street
Abbotsford VIC 3067
Phone: 1300 555 159 (within Australia)
Phone: +61 3 9415 4062

Auditor

BDO
Level 18, 727 Collins Street
Melbourne VIC 3008
Australia

Stock Exchange Listing

Patrys Limited shares are listed on the Australian Securities Exchange (ASX code: PAB)

Website

www.patrys.com

Patrys Limited
Directors' Report
31 December 2016

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Consolidated Entity') consisting of Patrys Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2016.

Directors

The following persons were Directors of Patrys Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr John Read (Non-Executive Chairman)
Mr. Michael Stork (Non-Executive Director and Deputy Chairman)
Ms. Suzy Jones (Non-Executive Director)
Dr. James Campbell (Managing Director & CEO)

Principal activities

During the financial half-year the principal continuing activities of the Consolidated Entity consisted of:

- Commercialisation of the Group's proprietary technologies to develop antibody-based therapeutic products for the treatment of cancer.

Review of operations

The loss for the Consolidated Entity after providing for income tax amounted to \$502,102 (31 December 2015: \$577,214).

Overview

Patrys is devoted to the development and commercialisation of novel antibody technologies for the treatment of cancer. With two innovative assets classes, IgMs and nuclear-penetrating antibodies, Patrys is well positioned to develop new therapeutics that transform standards of care for a range of cancer types.

During the six months to 31 December 2016, the Company achieved several milestones associated with the development of deoxymab 3E10, and has worked to consolidate its relationship with its Chinese partner for the development of PAT-SC1, Hefei Co-source Biomedical Co. Development of PAT-SM6 remains on hold.

From a corporate perspective, the Company has convened a Scientific Advisory Board (SAB) consisting of two experienced US-based biotechnology executives, Dr Pamela M Klein and Dr Allen Ebens, both formerly of Genentech. Drs Klein and Ebens will guide and review Patrys' development activities for 3E10 and other assets as they progress to the clinic. The Company has also completed a rebranding program with an updated website.

Deoxymabs

Deoxymab 3E10 is a lupus derived autoantibody which penetrates cells' nuclei and binds directly to DNA where it inhibits DNA repair and damages DNA. Normal cells repair DNA damage utilising intact DNA repair processes, however 3E10 can kill cells that have mutations or deficiencies in DNA repair mechanisms as found in various cancer cells. As well as showing single agent therapeutic potential 3E10 has been shown to significantly enhance the efficacy of both chemo- and radiotherapies.

During the period, Patrys completed lab scale production of approximately 20 variants of Deoxymab 3E10, and commenced pre-clinical screening at Yale University as part of lead candidate selection. This research will be completed in Q1 of 2017, and the Company hopes to progress this asset towards the clinic within the next two years.

IgM assets

Manufacturing and a possible clinical trial of PAT-SM6 remain on hold as the Company seeks to progress the development of this and its other IgM assets on a risk sharing basis.

During the six months to 31 December 2016, the Joint Development Committee for the Patrys-Hefei Co-source Biomedical PAT-SC1 alliance met. Patrys is pleased with progress of the alliance to date, and has expressed its appreciation to its Chinese license partner, Hefei Co-source Biomedical for its efforts.

Looking ahead

The Patrys team is focused on progressing its new deoxymab assets and cost-effectively developing its existing IgM assets. Management are also working diligently to maximize non-dilutive capital inflows, including insurance recoveries and supplier refunds. A total of \$451,632 in supplier refunds was received in the December 2016 Half Year and the Company has a further supplier refund claim and several insurance claims lodged and in development. With tight financial control and a clear path forward, management and the Board believe that the Company is well situated to build value from its existing base of capital and assets and looks forward to sharing this journey with its shareholders over the coming year.

Statement of Financial Position

At 31 December 2016, cash and term deposits of \$2,705,916 (2016: \$3,215,039) are held. These funds will allow the Group to continue the pre-clinical development of its deoxymab assets over the coming year.

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 \$502,102 (2015: \$577,214).

Consolidated revenue including other income during the period was \$784,284 (2015: \$686,249). This revenue included interest of \$26,653 (2015: \$41,584), R&D tax incentive estimate for the period 1 July to 31 December 2016 of \$239,034 (2015: \$260,867, noting that this was the receipt of the R&D incentive claim for the 2015 financial year), licensing income of \$38,958 (2015: \$274,970), government grants of \$15,340 (2015: \$0) and a foreign currency gain of \$12,295 (2015: \$99,013).

Total consolidated operating expenses for the period were \$1,286,386 (2015: \$1,263,463).

Research and development costs of \$807,237 (2015: \$672,260) have been expensed in the period in which they were incurred. The increase in research and development costs over the period reflects the initiation of development efforts around deoxymab 3E10.

Management and administration costs contributed a further \$474,452 (2015: \$591,203) to expenses from continuing operations. The decrease compared to the prior year reflects one-off payments made as part of corporate restructuring in 2015.

Basic net loss per share decreased to (0.07) (2015: (0.08)) due to a reduction in the loss for the period and an increase in the number of shares.

Statement of Cash Flows

The Group's cash outflow from operations over the period was (\$1,236,748) (2015: (\$1,427,544)). Net outflows were \$513,914 (2015: \$850,123).

The reduced outflow is due to lower administration and operating expenses in 2016. This is attributed to the closure of the Patrys GmbH office and other steps taken by management to reduce administrative/operating expenditure.

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.

Business development

The Company continues to explore partnering opportunities for all of its assets with a range of potential partners.

Patrys Limited
Directors' Report
31 December 2016

Significant changes in the state of affairs

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Mr. John Read
Chairman

22 February 2017

DECLARATION OF INDEPENDENCE BY DAVID GARVEY TO DIRECTORS OF PATRYS LIMITED

As lead auditor of Patrys Limited for the half-year ended 31 December 2016, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



David Garvey
Partner

BDO East Coast Partnership

Melbourne, 22 February 2017

Patrys Limited
Contents
31 December 2016

| | |
|---|-----------|
| Statement of profit or loss and other comprehensive income | 7 |
| Statement of financial position | 8 |
| Statement of changes in equity | 9 |
| Statement of cash flows | 10 |
| Notes to the financial statements | 11 |
| Directors' Declaration | 15 |
| Independent auditor's review report to the members of Patrys Limited | 16 |

Patrys Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2016

| | | Consolidated | |
|---|-------------|------------------------------------|------------------------------------|
| | Note | 31 December 2016 \$ | 31 December 2015 \$ |
| Revenue | 3 | 756,649 | 587,236 |
| Other income | 4 | 27,635 | 99,013 |
| Expenses | | | |
| Realised foreign exchange losses | | (4,697) | - |
| Research & development expenses | | (807,237) | (672,260) |
| Administration & management expenses | | (474,452) | (591,203) |
| Loss before income tax expense | | (502,102) | (577,214) |
| Income tax expense | | - | - |
| Loss after income tax expense for the half-year attributable to the Owners of Patrys Limited | | (502,102) | (577,214) |
| Other comprehensive income | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Exchange differences on translating foreign operations | | (44) | 10,831 |
| Other comprehensive income for the half-year, net of tax | | (44) | 10,831 |
| Total comprehensive income for the half-year attributable to the Owners of Patrys Limited | | (502,146) | (566,383) |
| | | Cents | Cents |
| Basic earnings per share | 9 | (0.07) | (0.08) |
| Diluted earnings per share | 9 | (0.07) | (0.08) |

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

Patrys Limited
Statement of financial position
As at 31 December 2016

| | | Consolidated | |
|--------------------------------------|-------------|---------------------|---------------------|
| | Note | 31 December | 30 June 2016 |
| | | 2016 | 2016 |
| | | \$ | \$ |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | 2,705,916 | 3,215,039 |
| Trade and other receivables | | 304,988 | 259,307 |
| Other | | 71,097 | 69,762 |
| Total current assets | | <u>3,082,001</u> | <u>3,544,108</u> |
| Non-current assets | | | |
| Property, plant and equipment | | 5,644 | 5,870 |
| Intangibles | 5 | <u>686,250</u> | <u>708,750</u> |
| Total non-current assets | | <u>691,894</u> | <u>714,620</u> |
| Total assets | | <u>3,773,895</u> | <u>4,258,728</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | | 462,102 | 543,708 |
| Employee benefits | | 93,255 | 51,338 |
| Other | | 30,192 | - |
| Total current liabilities | | <u>585,549</u> | <u>595,046</u> |
| Non-current liabilities | | | |
| Employee benefits | | <u>11,654</u> | <u>25,213</u> |
| Total non-current liabilities | | <u>11,654</u> | <u>25,213</u> |
| Total liabilities | | <u>597,203</u> | <u>620,259</u> |
| Net assets | | <u>3,176,692</u> | <u>3,638,469</u> |
| Equity | | | |
| Issued capital | | 60,035,971 | 60,035,971 |
| Reserves | 6 | 492,295 | 505,645 |
| Accumulated losses | | <u>(57,351,574)</u> | <u>(56,903,147)</u> |
| Total equity | | <u>3,176,692</u> | <u>3,638,469</u> |

The above Statement of financial position should be read in conjunction with the accompanying notes

Patrys Limited
Statement of changes in equity
For the half-year ended 31 December 2016

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

| Consolidated | Issued capital \$ | Foreign currency translation reserve \$ | Share option reserve \$ | Accumulated losses \$ | Share loan plan reserve \$ | Total equity \$ |
|--|-----------------------------|---|-----------------------------------|---------------------------------|--------------------------------------|---------------------------|
| Balance at 1 July 2016 | 60,035,971 | (18,523) | 369,358 | (56,903,147) | 154,810 | 3,638,469 |
| Loss after income tax expense for the half-year | - | - | - | (502,102) | - | (502,102) |
| Other comprehensive income for the half-year, net of tax | - | (44) | - | - | - | (44) |
| Total comprehensive income for the half-year | - | (44) | - | (502,102) | - | (502,146) |
| <i>Transactions with Owners in their capacity as Owners:</i> | | | | | | |
| Share-based payments | - | - | 39,966 | - | 403 | 40,369 |
| Reallocation of value of expired and cancelled equity | - | - | (5,417) | 53,675 | (48,258) | - |
| Balance at 31 December 2016 | <u>60,035,971</u> | <u>(18,567)</u> | <u>403,907</u> | <u>(57,351,574)</u> | <u>106,955</u> | <u>3,176,692</u> |

The above Statement of changes in equity should be read in conjunction with the accompanying notes

Patrys Limited
Statement of cash flows
For the half-year ended 31 December 2016

| | Consolidated | |
|--|-----------------------------|-----------------------------|
| | 31 December 2016 | 31 December 2015 |
| | \$ | \$ |
| Cash flows from operating activities | | |
| Payments to suppliers and employees (inclusive of GST) | (1,236,748) | (1,427,544) |
| Interest received | 39,662 | 41,584 |
| Other revenue | 655,672 | 535,837 |
| Licensing Income | 27,500 | - |
| | <u>(513,914)</u> | <u>(850,123)</u> |
| Net cash used in operating activities | | |
| Cash flows from investing activities | | |
| Payments for property, plant and equipment | (2,770) | - |
| Proceeds from disposal of property, plant and equipment | - | 80,629 |
| | <u>(2,770)</u> | <u>80,629</u> |
| Net cash from/(used in) investing activities | | |
| Cash flows from financing activities | | |
| Net cash from financing activities | - | - |
| | <u>-</u> | <u>-</u> |
| Net decrease in cash and cash equivalents | (516,684) | (769,494) |
| Cash and cash equivalents at the beginning of the financial half-year | 3,215,039 | 4,646,527 |
| Effects of exchange rate changes on cash and cash equivalents | 7,561 | 134,043 |
| | <u>2,705,916</u> | <u>4,011,076</u> |
| Cash and cash equivalents at the end of the financial half-year | | |

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

Note 1. General information

The financial statements cover Patrys Limited as a Consolidated Entity consisting of Patrys Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Patrys Limited's functional and presentation currency.

Patrys Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

| Registered office | Principal place of business |
|---|---|
| Level 4 100 Albert Road South Melbourne, VIC 3205 | Level 4 100 Albert Road South Melbourne, VIC 3205 |

A description of the nature of the Consolidated Entity's operations and its principal activities are included in the Directors' Report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 22 February 2017.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2016 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

Going concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business for the following reasons:

- At 31 December 2016, the Group had net assets of \$3,176,692 (30 June 2016: \$3,638,469); The working capital of the Group results in an excess of current assets over current liabilities of \$2,496,452 (30 June 2016: \$2,949,062);
- 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 9 years.

Note 2. Significant accounting policies (continued)

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.

Note 3. Revenue

| | Consolidated | |
|-------------------|-----------------------------|-----------------------------|
| | 31 December 2016 | 31 December 2015 |
| | \$ | \$ |
| Licensing income | 38,958 | 274,970 |
| R&D tax incentive | 239,034 | 260,867 |
| Interest income | 26,653 | 41,584 |
| Other income | 372 | 9,815 |
| Supplier refunds | 451,632 | - |
| | <u>756,649</u> | <u>587,236</u> |
| Revenue | <u>756,649</u> | <u>587,236</u> |

Note 4. Other income

| | Consolidated | |
|---------------------------|-----------------------------|-----------------------------|
| | 31 December 2016 | 31 December 2015 |
| | \$ | \$ |
| Net foreign exchange gain | 12,295 | 99,013 |
| Government grants | 15,340 | - |
| | <u>27,635</u> | <u>99,013</u> |
| Other income | <u>27,635</u> | <u>99,013</u> |

Note 5. Non-current assets - intangibles

| | Consolidated | |
|---------------------------------|-----------------------------|---------------------|
| | 31 December 2016 | 30 June 2016 |
| | \$ | \$ |
| Intellectual property - at cost | 720,000 | 720,000 |
| Less: Accumulated amortisation | (33,750) | (11,250) |
| | <u>686,250</u> | <u>708,750</u> |
| | <u>686,250</u> | <u>708,750</u> |

Note 6. Equity - reserves

| | Consolidated | |
|--------------------------------------|---------------------|---------------------|
| | 31 December | 30 June 2016 |
| | 2016 | 2016 |
| | \$ | \$ |
| Foreign currency translation reserve | (18,567) | (18,523) |
| Share option reserve | 403,907 | 369,358 |
| Share loan plan reserve | 106,955 | 154,810 |
| | <u>492,295</u> | <u>505,645</u> |

Movements in reserves

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

| Consolidated | Share option reserve \$ | Share loan plan reserve \$ | Foreign currency translation reserve \$ | Total \$ |
|--|-------------------------------|----------------------------------|---|----------------|
| Balance at 1 July 2016 | 369,358 | 154,810 | (18,523) | 505,645 |
| Value of options issued under the Employee Share Option Plan (recognised over vesting period) | 39,966 | 403 | (44) | 40,325 |
| Re-allocation of value of expired options | (5,417) | (48,258) | - | (53,675) |
| Balance at 31 December 2016 | <u>403,907</u> | <u>106,955</u> | <u>(18,567)</u> | <u>492,295</u> |

Note 7. Equity - dividends

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

Note 8. Events after the reporting period

No matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Patrys Limited
Notes to the financial statements
31 December 2016

Note 9. Earnings per share

| | Consolidated | |
|---|-----------------------------|-----------------------------|
| | 31 December 2016 | 31 December 2015 |
| | \$ | \$ |
| Loss after income tax attributable to the Owners of Patrys Limited | <u>(502,102)</u> | <u>(577,214)</u> |
| | Number | Number |
| Weighted average number of ordinary shares used in calculating basic earnings per share | <u>745,218,296</u> | <u>696,585,986</u> |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | <u>745,218,296</u> | <u>696,585,986</u> |
| | Cents | Cents |
| Basic earnings per share | (0.07) | (0.08) |
| Diluted earnings per share | (0.07) | (0.08) |

Patrys Limited
Directors' Declaration
31 December 2016

In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 31 December 2016 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors



Mr. John Read
Chairman

22 February 2017



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

Collins Square, Tower Four
Level 18, 727 Collins Street
Melbourne VIC 3008
GPO Box 5099 Melbourne VIC 3001
Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Patrys Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Patrys Limited, which comprises the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Patrys Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Patrys Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

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

- (i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO East Coast Partnership

A handwritten signature in blue ink. The signature is written in a cursive style and includes the letters 'BDO' at the top left, followed by a large, stylized signature that appears to be 'David Garvey'.

David Garvey

Partner

Melbourne, 22 February 2017