Appendix 4D
Half-Year Report for the period ended 31 December 2014

Results for announcement to the Market

Financial Performance

PharmAust Limited - Consolidated			
(AUD 000')	**Half-year ended 31 Dec 2014**	**Half-year ended 31 Dec 2013**	**Movement %**
Revenue	992	1,078	(8%)
(Loss) before tax attributable to members	(1,073)	(640)	68%
(Loss) after tax attributable to members	(1,073)	(640)	68%

Review of Operations

Refer to Directors' Report included in the attached half-year financial report.

Dividends

No Dividends were paid or declared for payment during the half-year period under review.

Earnings Per Share

	Half-year ended 31 Dec 2014		**Half-year ended 31 Dec 2013**
(Loss) per share (Basic & Diluted)	(0.07) cents		(0.05) cents

Net Tangible Asset Backing

	Half-year ended 31 Dec 2014		**Half-year ended 31 Dec 2013**
Net tangible asset backing	0.105cents		0.227cents

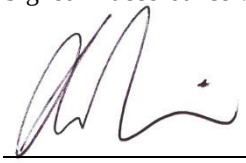
Entities Acquired and Disposed During the Period

There were no entities acquired or disposed of during the period.

Compliance Statement

The report is based on financial statements reviewed by the auditor, a copy of which is attached.

Signed in accordance with a resolution of Directors. On behalf of the Directors:



Sam Wright
Director

Signed at Perth this 26th day of February 2015

PHARMAUST LIMITED
ABN 35 094 006 023
AND ITS CONTROLLED ENTITIES

Interim Financial Report
for the half-year ended 31 December 2014

C O N T E N T S

PHARMAUST LIMITED
DIRECTORS' REPORT

The directors of PharmAust Limited submit the financial report of the consolidated entity for the half-year ended 31 December 2014.

DIRECTORS

The names of the directors who held office during or since the end of the half-year are:

Dr Roger Aston
Dr Wayne Best
Mr Robert Bishop
Prof. David Morris
Mr Sam Wright

RESULTS

The operating loss for the consolidated entity for the half-year ended 31 December 2014 was $1,073,366 (2013: loss of $639,984).

REVIEW OF OPERATIONS

PITNEY PHARMACEUTICALS PTY LTD – 100% OWNED SUBSIDIARY

During the half year, the Company continued to make progress with the development of its key anti-cancer product, PPL-1 and following the approval to begin a "First in Man" study by the Royal Adelaide Hospital Research Ethics Committee, the Company recruited, screened and commenced treatment of the first patient with its anti-cancer drug PPL-1. Unfortunately, the first patient passed away due to reasons unrelated to the study drug and this understandably resulted in a standard process of investigations resulting in delays in the treatment of the second patient.

In October, PharmAust confirmed that the first patient treated in the trial would be "replaced" by the next patient recruited, thus enabling three patients to be recruited and treated with the lowest dose of PPL-1 for 28 days, as specified in the protocol.

The trial is being led by Professor Michael Brown (the principal investigator), and managed by Contract Research Organisations for clinical services (IDT CMAX) and analytical services (CPR Pharma Services). The trial is structured as a rising dose study with the first three patients being treated at the lowest dose of drug. Recruitment and screening of additional patients continues and, in total, the trial expects to involve 12 to 15 patients. Subsequent patients will receive progressively higher doses of PPL-1 to determine both safety and drug activity. The trial envisages three dosing levels plus a further dosing level to be determined at the end of the study as necessary. Each patient will receive PPL-1 daily, for 28 days and will be given the option to continue on the drug past this initial treatment period. Being "Open Label" in design, the trial will allow regular reporting to shareholders on recruitment, safety and activity of the drug. Typically, the patients in the trial will have failed all "Standard of Care" for their cancers and not be taking other medications for treating their cancers.

The trial is being conducted to GCP (Good Clinical Practice) enabling the results to be used in submissions to regulators (Therapeutic Goods Administration, Food and Drug Administration, European Medicines Agency) towards registration. The clinical trial managers and service providers, IDT-CMAX and CPR Pharma Services, are audited by the Food and Drug Administration.

PharmAust's Executive Chairman, Dr Roger Aston said, "As a First in Man study, the drug will be potentially administered to patients suffering from diverse cancers. Recruitment will include selection of patients suffering from lung, pancreas, oesophageal, gastric, colorectal, ovarian, breast, prostate, liver, sarcoma, lymphoma, and melanoma" "PharmAust has reached an exciting stage in its evolution and we look forward to reporting outcomes on the safety and activity of PPL-1"

PharmAust in conjunction with Vet Oncology Consultants Pty Ltd at the Animal Referral Hospital (ARH) in Homebush, NSW, is conducting a clinical trial to test the anticancer drug PPL-1 in a small number of pet dogs. The trial is testing the safety and efficacy (Phase I/II) of PPL-1 for treating naturally occurring: superficial soft tissue sarcomas, chemo resistant lymphomas and metastatic melanomas. All pet dogs admitted to the trial will be treated with the drug by their owners at their homes. To determine the safest and most effective dose, the trial design will incorporate incremental increases in drug quantity to different groups of dogs. Groups of dogs will be administered higher doses only after safety and efficacy of the lower dose has been established. All dog owners, researchers, administrators and sponsors will know what drug and how much drug is being administered to the dogs (it is an open ended trial). Tumour size will be measured before and after treatment using callipers, CT (X-ray computed tomography) scan or radiographic imaging.

To date, two dogs have completed their treatment schedules, without any apparent significant adverse events caused by PPL-1 and a third dog has recently been recruited to complete the first dosing cohort in the trial, however, the owner had to withdraw this dog before completing the 28-day course due to difficulties in dosing. PharmAust looks forward to providing an update on the canine trial as it progresses.

Following the trial, PharmAust will evaluate the veterinary anti-cancer properties of this drug and commercial opportunities with the global animal health company, with which it has a collaborative research and option agreement.

Cancer is common in pet animals and the incidence increases with age. Cancer accounts for almost half of the deaths of pets over 10 years of age. Dogs get cancer at roughly the same rate as humans, while cats get fewer cancers. Each type of cancer requires individual care and may include a combination of treatment therapies such as surgery, chemotherapy, radiation, or immunotherapy. There are over 130 million dogs and cats in the USA with increasing use of conventional anticancer therapies being progressively adopted.

The US companion pet market sales (est. 2011) are in the region of US$14 billion whilst cancer therapies are estimated at $550 million with a price point of around $1500 per treatment.

On 18th November 2014, the Company reported that further to signing a Materials Transfer Agreement (MTA) with a yet to be named Japanese corporation part of a listed Japanese group in July 2013, it has now established a joint intellectual property (IP) position with this Japanese partner. The joint IP allows PharmAust access to some 80 analogues of PPL-1, which have been synthesised by the Japanese research partner and tested for anticancer activity by PharmAust. The Joint Patent Application, which will be published in March 2015, further permits PharmAust to commercialise the analogues subject to other prevailing IP at the time of commercialisation. This collaboration broadens and strengthens PharmAust's IP position.

EPICHEM PTY LTD - 100% OWNED SUBSIDIARY

Epichem has been delivering synthetic and medicinal chemistry services to the drug discovery and pharmaceutical industries worldwide for over 10 years. Epichem offers a range of rare and hard to find pharmaceutical impurities, degradants and metabolites of active ingredients and excipients, particularly for OTC and generic drugs.

Epichem has been at the forefront of synthesizing new and difficult to obtain standards and many of these are exclusive to Epichem and not available elsewhere. This range is continually expanding in response to customer requests and developments in the industry. Epichem is globally competitive with clients in 32 countries and is rapidly expanding its reach.

Epichem also excels in custom synthesis and contract drug discovery, boasting a highly skilled team of scientists, most with a PhD and industry experience. This valuable investment in people allows Epichem to lead drug discovery programs, perform custom synthesis, conduct optimisation and method development for scale-up and engage in high-level problem solving.

Epichem continued to promote its products and services both within Australia and overseas with staff attending a number of conferences and tradeshows including, AusBiotech (Gold Coast, 29-31 Oct), ASTMH (New Orleans, 3-7 Nov) and RACI National Congress (Adelaide 7-11 Dec). Most notably, Epichem was an exhibitor at CPhI WorldWide (Paris, 6-9 Oct), the world's premier trade show for the pharmaceutical industry attended by 36,000 delegates. Feedback from CPhI was excellent with a number of new customers and prospects resulting.

Epichem was awarded a 12 month extension to its current contract with Drugs for Neglected Diseases initiative (DNDi) in December 2014. The contract, which is worth $1.16M to the Company, sees Epichem continue to provide synthetic & medicinal chemistry support to DNDi's drug discovery projects until 31 December 2015.

DNDi is a not-for-profit product development partnership working to research and develop new treatments for neglected diseases, in particular human African trypanosomiasis, leishmaniasis, Chagas disease, malaria, paediatric HIV, and specific helminth-related infections.

The Australian Taxation Office recognised the innovation of the Research and Development being developed by Epichem. The Company had previously lodged an application with Innovation Australia following advice from PharmAust's consultants that the R&D may qualify Epichem for a Research and Development Tax Rebate on its 2013 tax return.

Following approval from the ATO of Epichem's application for a Research and Development rebate, an amount of $79,095.34 was deemed refundable on PharmAust's 2013 Tax Return and a cheque for that amount plus interest was subsequently been received and banked.

Epichem also has a long history of helping pharmaceutical companies identify trace impurities and has produced a range of pharmaceutical reference standards to aid the industry in detecting and measuring these impurities, ultimately assisting in the quality assurance and control of its clients' medicines.

Epichem has been recognised for its outstanding export success by winning four consecutive Western Australian Export Awards in 2010, 2011, 2012 and 2013 in the Small Business and Small to Medium Services categories and was awarded the Australian Export Award in the Small Business category in 2010. Epichem was inducted into the Export Hall of Fame in 2013.

Annual General Meeting

PharmAust held its Annual General Meeting of Shareholders on 24th October 2014 at 30 The Avenue, Nedlands and all resolutions that were put were unanimously passed on a show of hands.

Board Changes

PharmAust shareholders approved the appointment of Dr Wayne Best as a director at the Annual General Meeting. Wayne is the Managing Director of PharmAust's wholly owned subsidiary, Epichem Pty Ltd and has almost 30 years' experience in synthetic and medicinal chemistry both in academia, government and industry. Wayne obtained his BSc (Hons) and PhD in Organic Chemistry from The University of Western Australia. He then spent two years at Imperial College in the UK where he obtained a DIC, followed by a year at the Australian National University in Canberra.

Wayne then took up a position with ICI Australia's Research Group in Melbourne where he spent over four years designing and synthesizing a range of biologically active compounds, particularly agrochemicals. During this time Wayne was seconded for six months to ICI Agrochemicals' Jealott's Hill Research Station in the UK to work on the rational design of a novel herbicide target.

Following ICI, Wayne returned to Western Australia and spent the ten years preceding Epichem at the Chemistry Centre (WA) where he was responsible for the formation and running of the Medicinal & Biological Chemistry Section which undertook collaborative R&D into drug discovery and contract synthesis for the drug discovery and pharmaceutical industries.

Wayne is a Fellow of the Royal Australian Chemical Institute and has held appointments as an Adjunct Associate Professor at both Murdoch University and The University of Western Australia. He is also a Graduate Member of the Australian Institute of Company Directors.

SUBSEQUENT EVENTS

On 20th January 2015, PharmAust reported that its first human patient on PPL-1 treatment has completed the 28-day treatment period with no adverse events in its "First in Man" trial. Although two further patients have been recruited and began treatment both have been withdrawn due to reasons unrelated to PPL-1.

In order to address the high patient withdrawal rates and speed up the trial recruitment, PharmAust is pleased to advise that the Lyell McEwin Hospital have agreed to participate in the trial and are moving forward with site start up documents, adding the site to the ethics approval and governance.

PharmAust is also in advanced discussions with Consultant Medical Oncologists in the Southern Adelaide Local Health Network and the company will report on agreements with further centres to participate in the trial soon.

On 13th January 2015, Epichem received $550,000 from DNDi for work continuing on its flagship project on Chagas disease. This payment is not included in this Half Yearly Report as it was received after 31 December 2014.

On 9th February 2015, PharmAust reported that preliminary analysis of the white blood cells from four patients receiving PPL-1 at the Royal Adelaide Hospital (RAH) has shown a meaningful reduction of a key target of PPL-1, which is expressed in the cancer.

The primary objective of PharmAust's "First in Man" trial is to demonstrate safety in a rising dose format. Evaluation of white blood cells of patients who have received PPL-1 for three consecutive days has shown that the levels of p70S6K are reduced as compared to its levels on Day 0 before treatment started. This preliminary analysis was undertaken in four patients who received daily doses of PPL-1 for at least 3 consecutive days and resulted in a reduction of p70S6K of between 8% and 65%.

Professor David Morris, inventor of the use of PPL-1 in cancer therapy and surgeon at the St George Hospital said "This observation confirms the biological activity of PPL-1 in man by inhibiting a key cancer growth messenger, p70S6K. This finding supports our studies on p70S6K in cancer cells and in animal models".

Professor Michael Brown, Principal Investigator at the RAH said, "This is a particularly interesting result as we are still at the lowest dose of PPL-1 in the trial and we are seeing apparent reductions in the levels of the p70S6K pharmacodynamic marker. We will continue to monitor patients' blood as recruitment progresses".

On 24th February 2015, PharmAust reported that a further patient analysed for levels of p70S6K tumour marker, has also shown a meaningful reduction following oral treatment with PPL-1. Furthermore, preliminary analysis of pharmacokinetic serum levels of PPL-1 in patients receiving the drug at the Royal Adelaide Hospital (RAH) has confirmed absorption following oral dosing and indicates that PPL-1 is active in the high nanomolar range which is similar to other cytotoxic drugs used during chemotherapy.

PharmAust's Executive Chairman Dr Roger Aston said "Even though we are dealing with small numbers of patients in our analyses so far, it is exciting to see that we have achieved a statistically significant drop in p70S6K levels in white blood cells in the 5 patients examined so far ($p<0.001$ at day 3 of dosing). It is furthermore encouraging that the reduction in the p70S6K tumour marker appears to correlate with blood levels of the drug. The Clinical Research staff monitoring the trial, have not noted any serious adverse events further supporting the low side-effect profile of PPL-1".

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included within this financial report.

This report is signed in accordance with a resolution of the Board.

Sam Wright
Director

Signed at Perth this 26th day of February 2015

PHARMAUST LIMITED
STATEMENT OF COMPREHENSIVE INCOME
For the half-year ended 31 December 2014

	Consolidated	
	31 December 2014 $	**31 December 2013 $**
Revenue	808,790	910,175
Other income	183,187	168,070
Total revenue	991,977	1,078,245
Raw material and consumables used	(121,946)	(119,359)
Research and development expenses	(279,204)	-
Administration expenses	(515,701)	(652,794)
Employee benefits expense	(1,114,370)	(918,648)
Borrowing costs	(1,778)	(889)
Depreciation	(32,344)	(26,539)
Loss before income tax	(1,073,366)	(639,984)
Income tax expense	-	-
Loss for the period	(1,073,366)	(639,984)
Other comprehensive income	-	-
Total comprehensive loss for the period	(1,073,366)	(639,984)
Basic and diluted loss per share (cents per share)	(0.07)	(0.05)

The accompanying notes form part of these financial statements

PHARMAUST LIMITED
STATEMENT OF FINANCIAL POSITION
As at 31 December 2014

	Note	Consolidated 31 December 2014 $	Consolidated 30 June 2014 $
CURRENT ASSETS			
Cash and cash equivalents		1,128,477	2,304,323
Trade and other receivables		83,160	98,246
Other current assets		66,637	42,513
Financial assets		4,100	7,000
TOTAL CURRENT ASSETS		1,282,374	2,452,082
NON CURRENT ASSETS			
Property, plant and equipment		657,382	578,423
Intangible assets		5,179,128	5,179,128
TOTAL NON CURRENT ASSETS		5,836,510	5,757,551
TOTAL ASSETS		7,118,884	8,209,633
CURRENT LIABILITIES			
Trade and other payables		200,462	230,436
Borrowings		31,596	31,596
Provisions		172,338	143,949
TOTAL CURRENT LIABILITIES		404,396	405,981
NON CURRENT LIABILITIES			
Borrowings		23,697	39,495
TOTAL NON CURRENT LIABILITIES		23,697	39,495
TOTAL LIABILITIES		428,093	445,476
NET ASSETS		**6,690,791**	**7,764,157**
EQUITY			
Issued capital	3	41,393,484	41,393,484
Reserves		941,629	941,629
Accumulated losses		(35,644,322)	(34,570,956)
TOTAL EQUITY		6,690,791	7,764,157

The accompanying notes form part of these financial statements

PHARMAUST LIMITED
STATEMENT OF CHANGES IN EQUITY
For the half-year ended 31 December 2014

Consolidated	Issued Capital	Accumulated Losses	Options Reserve	Total Equity
	$	$	$	$
As at 1 July 2013	**32,941,890**	**(33,253,103)**	**622,090**	**310,877**
Loss for the period	-	(639,984)	-	(639,984)
Total comprehensive loss for the period	-	(639,984)	-	(639,984)
Shares issues (net)	8,451,594	-	-	8,451,594
Option issues	-	-	319,539	319,539
As at 31 December 2013	**41,393,484**	**(33,893,087)**	**941,629**	**8,442,026**

	Issued Capital	Accumulated Losses	Options Reserve	Total Equity
	$	$	$	$
As at 1 July 2014	**41,393,484**	**(34,570,956)**	**941,629**	**7,764,157**
Loss for the period	-	(1,073,366)	-	(1,073,366)
Total comprehensive loss for the period	-	(1,073,366)	-	(1,073,366)
As at 31 December 2014	**41,393,484**	**(35,644,322)**	**941,629**	**6,690,791**

The accompanying notes form part of these financial statements

PHARMAUST LIMITED
STATEMENT OF CASH FLOWS
For the half-year ended 31 December 2014

	Note	Consolidated 31 December 2014 $	Consolidated 31 December 2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		981,902	739,550
Payments to suppliers and employees		(2,054,033)	(2,037,611)
Interest received		25,164	26,316
Finance costs		(1,778)	(889)
Net cash used in operating activities		(1,048,745)	(1,272,634)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for plant and equipment		(111,303)	(101,695)
Proceeds from acquisition of subsidiary		-	372,711
Net cash used in investing activities		(111,303)	271,016
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issued (net)		-	3,254,094
Net proceed / (repayment of) from borrowings		(15,798)	86,889
Net cash provided by financing activities		(15,798)	3,340,983
Net movement in cash held		(1,175,846)	2,339,365
Cash at beginning of the financial period		2,304,323	362,874
Cash at end of the financial period		1,128,477	2,702,239

The accompanying notes form part of these financial statements

PHARMAUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2014

1. BASIS OF PREPARATION

This general purpose financial report for the half-year reporting period ended 31 December 2014 has been prepared in accordance with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*. The Group is for profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report does not include full disclosures of the type normally included in an annual report. It is recommended that this financial report to be read in conjunction with the annual financial report for the year ended 30 June 2014 and any public announcements made by PharmAust Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies have been consistently applied with those of the previous financial year and corresponding interim reporting period, except in relation to the matters disclosed below:

New and Revised Accounting Standards

The consolidated entity has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these new and revised Accounting Standards and Interpretations has not resulted in a significant or material change to the consolidated entity's accounting policies.

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

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a loss of $1,073,366 and had net cash outflows from operating activities of $1,048,745 for the half-year ended 31 December 2014.

The Directors believe that it is reasonably foreseeable that the consolidated entity will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The consolidated entity is currently in discussion with a finance broker in relation to a private placement to raise sufficient funds for general working capital requirements for at least the next 12 months. The fundraising is planned to be completed within the next 12 months. This strategy has proven to be successful in the past; and
- The consolidated entity plans to scale down its operations in order to curtail expenditure in the event the capital raising is not successful. The consolidated entity would have sufficient cash available to meet its liabilities if such a plan was undertaken.

2 SEGMENT INFORMATION

The company has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Board of Directors has considered the business from both a geographic and business segment perspective and the following are the reportable segments under AASB 8.

	Corporate	Pharmaceutical	Total
	$	$	$
31 December 2014			
Revenue			
External sales	-	808,790	808,790
Other external revenue	17,241	165,946	183,187
Total revenue per statement of comprehensive income			991,977
Results			
Segment net profit (loss) before tax	(998,859)	(74,507)	(1,073,366)
Interest income	17,241	7,921	25,162
Interest expense	-	(1,778)	(1,778)
Depreciation and amortisation	(3,462)	(28,882)	(32,344)
Segment assets			
Segment operating assets	877,600	6,241,284	7,118,884
Segment liabilities			
Segment operating liabilities	(48,486)	(379,607)	(428,093)
31 December 2013			
Revenue			
External sales	-	910,175	910,175
Other external revenue	61,761	106,309	168,070
Total revenue per statement of comprehensive income			1,078,245
Results			
Segment net profit (loss) before tax	(757,995)	118,011	(639,984)
Interest income	22,377	3,939	26,316
Interest expense	-	(889)	(889)
Depreciation and amortisation	(1,402)	(25,137)	(26,539)
Segment assets			
Segment operating assets	2,408,453	6,508,217	8,916,670
Segment liabilities			
Segment operating liabilities	(98,213)	(376,431)	(474,644)

3 ISSUED CAPITAL

	31 December 2014 $	30 June 2014 $
1,440,006,606 fully paid ordinary shares	41,393,484	41,393,484
Movement in ordinary shares on issue	**Number**	**$**
Balance at beginning of period	1,440,006,606	41,393,484
Balance at end of period	1,440,006,606	41,393,484

4 DIVIDENDS

There have been no dividends declared or recommended and no distributions made to shareholders or other persons during the period.

5 CONTINGENT LIABILITIES

There has been no change in contingent liabilities or contingent assets since the last annual reporting date.

6 SUBSEQUENT EVENTS

On 20th January 2015, PharmAust reported that its first human patient on PPL-1 treatment has completed the 28-day treatment period with no adverse events in its "First in Man" trial. Although two further patients have been recruited and began treatment both have been withdrawn due to reasons unrelated to PPL-1.

In order to address the high patient withdrawal rates and speed up the trial recruitment, PharmAust is pleased to advise that the Lyell McEwin Hospital have agreed to participate in the trial and are moving forward with site start up documents, adding the site to the ethics approval and governance.

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Other than the above, there have been no other known significant events subsequent to the end of the period.

PHARMAUST LIMITED
DIRECTORS' DECLARATION

In the opinion of the directors of Pharmaust Limited ('the company'):

1. The financial statements and notes, as set out within this financial report, are in accordance with the *Corporations Act 2001* including:

    a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and

    b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year then ended.

2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors.

Sam Wright
Director

Signed at Perth this 26th day of February 2015

RSM Bird Cameron Partners

RSM Bird Cameron Partners
8 St Georges Terrace, Perth, WA 6000
GPO Box R1253 Perth WA 6844
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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PHARMAUST LIMITED

We have reviewed the accompanying half-year financial report of PharmAust Limited which comprises the statement of financial position as at 31 December 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, 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 half-year 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 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of PharmAust 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.

RSM Bird Cameron Partners

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 PharmAust 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 PharmAust Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

DAVID WALL
Partner

Perth, WA
Dated: 26 February 2015

RSM Bird Cameron Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of PharmAust Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

DAVID WALL
Partner

Perth, WA
Dated: 26 February 2015