

ASX & Media Release

Commentary on Preliminary Final Report Patrys Advances Pipeline

Patrys Limited (ASX: PAB; Company) today announced its financial results and provided an overview of operations for the year ended 30 June 2011. The period saw a number of positive milestones.

Operations:

The Company's dominant focus has been to advance its lead anti-cancer human antibody, PAT-SM6, through its Phase 1 melanoma clinical trial programme. This primary activity has been supported by additional preclinical studies and intellectual property filings for our other lead anti-cancer candidates, PAT-LM1 and PAT-SC1.

Patrys is recruiting the third and final cohort of patients for its Phase 1 PAT-SM6 clinical trial at Royal Adelaide Hospital.

The PAT-SM6 trial has been devoted to establishing safety and tolerability. To date no safety issues have been observed or reported. The primary objective of safety has been augmented by exciting outcomes in relation to specificity, with PAT-SM6 being detected in biopsies of two different patients who participated in the initial phases of the trial. Analysis of the trial results is also suggestive that cancer cell death occurred in the samples collected. These results are indicative of the potential of PAT-SM6 as an effective therapeutic for the treatment of melanoma.

Our commercial ambitions were enhanced during the year with the confirmation of orphan drug status for lead candidate PAT-SC1. This acknowledgement by the U.S. Food and Drug Administration (FDA) has the potential to accelerate future applications and to grant an extended exclusivity term post approval.

The year witnessed important changes to our management team. Upon the expiry of his second term of office on 30 June 2011, founding CEO, Mr. Dan Devine, retired as a member of the executive team and as a member of the Board. The Board wishes Dan well for his future endeavours. Recognising the significance of the changes in the Company's standing from an early stage research and development company to a clinical stage company, Patrys appointed Dr. Marie Roskrow as Chief Executive Officer following her appointment as Chief Medical Officer and President in August 2010. Marie's extensive drug development experience combined with her international investment banking experience have allowed Patrys to give effect to its clinical development programmes and to redefine its corporate and business development activities.

Continuing to build value across the Patrys business is our mandate for fiscal year 2012. Our key goals are focused on our clinical programmes with respect to PAT-SM6 and to seek out-licensing opportunities for PAT-SC1, the value of which is already substantiated by clinical data.

Financials:

Patrys understands the need for a strong fiscal position to insure that long term shareholder value can be realised. In late calendar 2010, the Company completed a successful capital raising programme to new and existing shareholders. A total of \$4.3 million was raised from this initiative. In August 2010, the Company also announced closing of a funding facility negotiated with the Advance Opportunities Fund, this arrangement was terminated in March 2011. A total of \$1.5 million was raised from this facility.

The total consolidated net loss for the year was \$7.4 million. Cash remained strong with \$6.2 million on hand at 30 June 2011.

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

Dated: 26 August 2011

A handwritten signature in black ink, appearing to read "R McPherson".

Roger McPherson
Company Secretary

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PATRY'S LIMITED

(ABN 97 123 055 363)

APPENDIX 4E

PRELIMINARY FINAL REPORT

YEAR ENDED 30 JUNE 2011

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APPENDIX 4E

PATRY'S LIMITED
ABN 97 123 055 363

PRELIMINARY FINAL REPORT

Current reporting period
Previous corresponding period

Year ended 30 June 2011
Year ended 30 June 2010

Results for announcement to the market

	\$	% increase /(decrease) over previous corresponding period
Revenue from continuing activities	1,067,756	13.4%
(Loss) from continuing activities after tax attributable to members	(7,421,670)	(1.5%)
Net (loss) for the period attributable to members	(7,421,670)	(1.5%)
Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend	N/A	N/A
Interim Dividend	N/A	N/A
Record date for determining entitlements to the dividends (if any)	N/A	
Brief explanation of any of the figures reported above necessary to enable the figures to be understood: N/A		

Dividends

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

NTA Backing

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security (cents per share)	2.2 cents	4.1 cents

Control Gained Over Entities Having Material Effect

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

Loss of Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	N/A
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Details of Associates and Joint Venture Entities

Name of Entity (or group of entities)	N/A
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Foreign Entities Accounting Framework

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

Audit/Review Status

This report is based on accounts to which one of the following applies:

(Tick one)

The accounts have been audited		The accounts are in the process of being audited	✓
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If the accounts are subject to audit dispute or qualification, a description of the dispute or qualification: N/A

Attachments Forming Part of Appendix 4E

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



Roger McPherson
Company Secretary
26 August 2011

PATRY'S LIMITED
ABN 97 123 055 363
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated	
		2011 \$	2010 \$
Revenues from continuing operations	2(a)	1,067,756	941,662
Other income	2(b)	-	587,158
Expenses from continuing operations	2(c)		
Research & development		(6,299,205)	(6,976,925)
Management & administration		(1,951,885)	(2,062,541)
Finance costs		(222,601)	(2,693)
Loss from continuing operations before tax		(7,405,935)	(7,513,339)
Income tax (expense)		(15,735)	(21,784)
Loss for the year from continuing operations after income tax		(7,421,670)	(7,535,123)
Other comprehensive income			
Exchange differences on translating foreign operations	5(a)	(27,677)	(63,462)
Total comprehensive income for the year attributable to members of the Company		(7,449,347)	(7,598,585)

Earnings per share:

Basic earnings per share - from continuing operations	(3.39¢)	(4.15¢)
Diluted earnings per share - from continuing operations	(3.39¢)	(4.15¢)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

PATRY'S LIMITED
ABN 97 123 055 363
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

	Fully paid ordinary shares	Foreign currency translation reserve	Share option reserve	Share loan plan reserve	Accumulated losses	Total
2011	\$	\$	\$	\$	\$	\$
At 1 July 2010	39,634,530	(53,769)	760,597	61,588	(25,170,180)	15,232,766
Loss for the period	-	-	-	-	(7,421,670)	(7,421,670)
Other comprehensive income	-	(27,677)	-	-	-	(27,677)
Total comprehensive income for the period	-	(27,677)	-	-	(7,421,670)	(7,449,347)
Transactions with owners in their capacity as owners:						
Issued capital	5,780,500	-	-	-	-	5,780,500
Transaction costs related to shares issued	(339,828)	-	-	-	-	(339,828)
Cost of share based payment	-	-	81,600	159,796	-	241,396
At 30 June 2011	45,075,202	(81,446)	842,197	221,384	(32,591,850)	13,465,487
2010	\$	\$	\$	\$	\$	\$
At 1 July 2009	34,677,027	9,693	665,913	-	(17,635,057)	17,717,576
Loss for the period	-	-	-	-	(7,535,123)	(7,535,123)
Other comprehensive income	-	(63,462)	-	-	-	(63,462)
Total comprehensive income for the period	-	(63,462)	-	-	(7,535,123)	(7,598,585)
Transactions with owners in their capacity as owners:						
Issued capital	5,036,687	-	-	-	-	5,036,687
Transaction costs related to shares issued	(79,184)	-	-	-	-	(79,184)
Cost of share based payment	-	-	94,684	61,588	-	156,272
At 30 June 2010	39,634,530	(53,769)	760,597	61,588	(25,170,180)	15,232,766

The accompanying notes form part of these financial statements.

PATRY'S LIMITED
ABN 97 123 055 363
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Note	Consolidated	
		2011	2010
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		6,203,135	6,783,233
Trade and other receivables		43,991	681,417
Other current assets		88,062	105,195
TOTAL CURRENT ASSETS		6,335,188	7,569,845
NON-CURRENT ASSETS			
Property, plant and equipment		475,598	676,409
Intangible assets		8,035,441	8,060,622
TOTAL NON-CURRENT ASSETS		8,511,039	8,737,031
TOTAL ASSETS		14,846,227	16,306,876
CURRENT LIABILITIES			
Trade and other payables		1,196,931	864,404
Current tax liabilities		6,399	17,558
Borrowings		-	4,217
Provisions		77,410	73,177
TOTAL CURRENT LIABILITIES		1,280,740	959,356
NON CURRENT LIABILITIES			
Trade and other payables		100,000	100,000
Borrowings		-	14,754
TOTAL NON CURRENT LIABILITIES		100,000	114,754
TOTAL LIABILITIES		1,380,740	1,074,110
NET ASSETS		13,465,487	15,232,766
EQUITY			
Issued capital	4	45,075,202	39,634,530
Reserves	5(a)(b)(c)	982,135	768,416
Accumulated losses	5(d)	(32,591,850)	(25,170,180)
TOTAL EQUITY		13,465,487	15,232,766

The accompanying notes form part of these financial statements.

PATRY'S LIMITED
ABN 97 123 055 363
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated	
		2011	2010
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		500,000	-
Payments to suppliers and employees		(6,496,318)	(7,401,977)
Finance costs		(222,601)	(2,693)
Income tax paid		(26,895)	(29,898)
Interest received		423,955	354,774
R&D tax concession		703,547	-
Government grants		-	19,110
Other income		4,805	6,005
Net cash used in operating activities	6	(5,113,507)	(7,054,679)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		53,349	-
Payments for property, plant and equipment		(7,956)	(82,613)
Payments for intangible assets		(909,501)	(919,447)
Payments for other assets		-	(326,869)
Net cash used in investing activities		(864,108)	(1,328,929)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issue of shares		5,780,500	5,036,687
Payment for share issue expenses		(339,828)	(60,027)
Repayment of borrowings		(18,971)	(5,959)
Net cash provided by financing activities		5,421,701	4,970,701
Net (decrease)/increase in cash and cash equivalents		(555,914)	(3,412,907)
Effects of exchange rate changes on the balance of assets held in foreign currencies		(24,184)	600,471
Cash and cash equivalent at beginning of year		6,783,233	9,595,669
Cash and cash equivalent at end of year		6,203,135	6,783,233

The accompanying notes form part of these financial statements

PATRY'S LIMITED
ABN 97 123 055 363
NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

INTRODUCTION

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

NOTE 1: BASIS OF PREPARATION OF PRELIMINARY FINANCIAL REPORT

This preliminary financial report does not include all of the notes of the type normally included in an annual financial report. Accordingly, it should be read in conjunction with the Annual Report for the year ended 30 June 2010 and the financial report for the six months ended 31 December 2010 and any public announcements made by Patrys Limited during the year in accordance with continual disclosure requirements of the Corporations Act 2001. This preliminary final report has been prepared in accordance with the measurement and recognition requirements of Australian Accounting Standards, Accounting Interpretations and the Corporations Act 2001.

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

The accounting policies and methods of computation adopted in the preparation of the preliminary financial report are consistent with those adopted and disclosed in the company's annual financial report for the year ended 30 June 2010 and the half year ended 31 December 2010.

NOTE 2: REVENUE AND EXPENSES FROM CONTINUING OPERATIONS	Consolidated	
	2011	2010
	\$	\$
(a) Revenue		
Licensing revenue	-	500,000
Interest received – bank deposits	326,029	397,414
Interest received – other	30,581	20,484
R & D tax concession	703,547	-
Government grants	-	19,110
Other	7,599	4,654
Total revenue from continuing operations	1,067,756	941,662
(b) Other income		
Foreign currency exchange gain	-	587,158
Total other income	-	587,158
(c) Expenses		
Employee salary and benefit expenses		
Salary and employee benefit expenses	2,434,877	2,489,688
Defined contribution superannuation expenses	89,309	120,673
Expenses of share based payments	241,396	156,272
Total employee salary and benefit expenses	2,765,582	2,766,633
Depreciation and amortisation of non-current assets:		
Plant and equipment	102,259	139,277
License and registered patents	906,818	946,515
Total depreciation and amortisation	1,009,077	1,085,792

PATRYS LIMITED
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NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 2: REVENUE AND EXPENSES FROM CONTINUING OPERATIONS (cont.)	Consolidated	
	2011	2010
	\$	\$
Finance costs:		
Interest expense	5,101	2,693
Costs associated with funding facility	217,500	-
Total finance costs	222,601	2,693
Other operating expenses		
Research and development expenses	6,299,205	6,976,925
Operating lease expenses	97,141	118,173
Loss on disposal of non-current assets	25,262	-
Provision for non-recovery of other debtors	30,581	347,353
Foreign currency exchange losses	205,224	881,771

NOTE 3: SEGMENT INFORMATION

A segment is a component of the consolidated entity that engages in business activities to provide products or services within a particular economic environment. The consolidated entity operates in one business segment, being the conduct of research and development activities in the biopharmaceutical sector. The Board of Directors assess the operating performance of the group based on management reports that are prepared on this basis. The group has established activities in more than one geographical area, however these activities support the research and development conducted by the consolidated entity and are considered immaterial for the purposes of segment reporting. The group invests excess funds in short term deposits but this are not regarded as being a separate segment.

NOTE 4: CONTRIBUTED EQUITY

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

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

Movements in issued capital during the year were as follows:

Issued shares	2011	2010	2011	2010
	No. of shares		\$	\$
At the beginning of the reporting period	186,267,371	164,151,475	39,634,530	34,677,027
Share Placement shares issued at 10 cents per share	37,750,000	-	3,775,000	-
Share Purchase Plan shares issued at 10 cents per share	5,054,000	-	505,400	-
Shares issued on conversion of Notes	19,114,537	-	1,500,100	-
Rights Issue shares issued at 25 cents per share	-	20,146,746	-	5,036,687
Transaction costs arising on issue of shares	-	-	(339,828)	(79,184)
Shares issued pursuant to the Loan Share Plan (LSP)	1,296,084	1,969,150	-	-
Shares brought back pursuant to the LSP	(268,094)	-	-	-
At end of the reporting period	249,213,898	186,267,371	45,075,202	39,634,530

Issued shares are comprised as follows:

Ordinary shares	246,216,758	184,298,221
Restricted shares issued under the LSP	2,997,140	1,969,150
	249,213,898	186,267,371

PATRY'S LIMITED
ABN 97 123 055 363
NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 5: RESERVES AND ACCUMULATED LOSSES

	Consolidated	
	2011	2010
	\$	\$
Foreign currency translation reserve	(a) (81,446)	(53,769)
Share options reserve	(b) 842,197	760,597
Share loan plan reserve	(c) 221,384	61,588
	982,135	768,416

(a) Foreign currency translation reserve

Opening balance 1 July	(53,769)	9,693
Net adjustment arising from the translation of foreign controlled entities' financial statements	(27,677)	(63,462)
Closing balance	(81,446)	(53,769)

Exchange differences relating to translation from functional currencies of the Group's foreign controlled entities into Australian Dollars are brought to account by entries made directly to the foreign currency translation reserve

(b) Share options reserve

Opening balance 1 July	760,597	665,913
Value of options issued	81,600	94,684
Closing balance	842,197	760,597

(c) Share loan plan reserve

Opening balance 1 July	61,588	-
Value of shares issued	159,796	61,588
Closing balance	221,384	61,588

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.

(d) Movement in accumulated losses

Opening balance 1 July	(25,170,180)	(17,635,057)
Net loss attributable to the members of the parent entity for the period	(7,421,670)	(7,535,123)
Closing balance	(32,591,850)	(25,170,180)

PATRY'S LIMITED
ABN 97 123 055 363
NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 6 CASH FLOW INFORMATION

	Consolidated	
	2011	2010
	\$	\$
(a) Reconciliation of cash		
Cash at bank	48,970	31,691
Deposit at call	1,974,165	975,738
Term deposit	4,180,000	5,775,804
	6,203,135	6,783,233
(b) Reconciliation of cash flow used in operations with loss after income tax		
Loss from ordinary activities	(7,421,670)	(7,535,123)
Non cash movements: -		
Depreciation and amortisation	1,009,077	1,085,792
Equity settled share based payment	241,396	156,272
Unrealised foreign exchange (gains)/losses	24,403	(587,094)
Loss on disposal of non-current assets	25,262	-
(Increase)/decrease in trade and other receivables	637,427	(237,100)
(Increase)/decrease in prepaid expenses	17,133	65,909
Increase/(decrease) in trade creditors and accruals	349,232	(18,432)
Increase/(decrease) in provisions	4,233	15,097
Cash flows used in operations	(5,113,507)	(7,054,679)

(c) Non cash financing and investing activities

There were no non cash financing activities during the year.

NOTE 7 EVENTS AFTER BALANCE SHEET DATE

On 25 July 2011 the Company provided an update in respect of its human clinical trial to evaluate PAT-SM6 as a treatment for melanoma. Importantly there have been no safety issues reported in any of the patients treated to date. The Company is currently recruiting the final patient treatment group with the trial expected to be completed prior to the end of 2011.

On 17 August 2011 the Company announced that the results of preclinical work conducted at The University Hospital of Würzburg show that a Patrys anti-cancer product offers a potential application in multiple myeloma. This data opens an opportunity to pursue this key cancer market

On 22 August 2011 the Company provided an update in respect of its PAT-SM6 human clinical trial in which it announced that the PAT-SM6 antibody had been detected in biopsies of patients after they received treatment. This provides evidence that the PAT-SM6 antibody can target and penetrate tumours at low doses which supports the ongoing trial design.

No other matters or circumstance have arisen since 30 June 2011 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.