



ASX & Media Release

Commentary on Half Year Report

Patrys Completes Trial Milestone, Advances Pipeline and Strengthens Financial Position

- **Completion of clinical trial for PAT-SM6 for the treatment of melanoma**
- **Commencement of preparation of PAT-SM6 clinical trial for the treatment of multiple myeloma**
- **Dr. Marie Roskrow and Ms. Suzy Jones welcomed to Board of Directors**
- **Closing of oversubscribed private placement**

Patrys Limited (ASX: PAB; the Company) today announced its financial results for the six months ended 31 December 2011 and provided an overview of operations for the period, which saw a number of positive milestones and a strengthening of the Company's cash position.

The six months was an active and constructive period for the Company as it demonstrated its standing as a clinical stage bio-pharmaceutical development company with a portfolio of emerging anti-cancer therapies.

Operations:

The highlight for Patrys operations in the period was the completion in February of a first-in-human clinical trial for Patrys' lead clinical candidate, anti-cancer drug PAT-SM6. The primary aim of the PAT-SM6 trial, which was to evaluate the safety and tolerability of PAT-SM6 in the treatment of melanoma, has been met, with no adverse safety events recorded in any patients.

Multiple secondary endpoints of the trial design were aimed at producing preliminary measurements of PAT-SM6's anti-tumour activity. The full results and data from the trial should be finalised and reported by the end of the first quarter of 2012.

Patrys also commenced preparing for PAT-SM6 in a clinical trial in multiple myeloma (MM). The initiation of this trial follows on from preclinical studies that have shown that PAT-SM6 is able to specifically target bone marrow cells sourced from MM patients (with either advanced or multi-resistant disease), confirming the presence of the target on these cells. In addition, following treatment with PAT-SM6, primary MM cells isolated from patients or cancer cell lines displayed significant cell death in all samples tested.

A Phase I/IIa open-label multi-dose escalation trial in relapsed and multi-resistant MM patients is planned to be undertaken at the University of Würzburg Phase I/II unit. The study is expected to commence in the second quarter of 2012, and take approximately 12 months to complete. The design of the trial will allow continual rolling data to become available.

The primary objective of the study is to evaluate the safety and tolerability of escalating doses of PAT-SM6 in MM patients. The secondary objective is to measure efficacy as determined by a series of well-established laboratory assays.

During the period, Patrys also made two significant additions to its Board in anticipation of increased commercial activity. Dr. Marie Roskrow was appointed as Managing Director and Ms. Suzy Jones (former Head of Business Development at Genentech) was appointed as a Non Executive Director.

In addition to the advancement of its clinical programmes, the cash position of the Company improved with an oversubscribed placement in December 2011/January 2012 raising \$3.4 million. When combined with the Company's existing cash resources, the finalisation of the placement resulted in a stronger balance sheet with enhanced liquidity when compared with the beginning of the reporting period.

Financials:

As described above, in December 2011 the Company raised \$3.4 million from a placement to institutional and professional investors. This placement was conducted in two tranches with \$1.1 million received in December and the balance of \$2.3 million received in January.

Cash on hand at the end of 2011 was \$4.2 million. The second tranche of \$2.3 million brings the cash balance to \$6.5 million on a pro-forma basis at the end of 2011.

The total consolidated net loss for the period was \$4 million.

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

Dated: 17 February 2012



Roger McPherson
Company Secretary

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About Patrys Limited:

Based in Melbourne, Australia, Patrys (ASX: PAB) a clinical stage company, is focused on the development of natural human antibody therapies for cancer. More information can be found at www.patrys.com.

APPENDIX 4D

PATRY'S LIMITED
ABN 97 123 055 363

HALF YEAR REPORT

Current reporting period
Previous corresponding period

Half year ended 31 December 2011
Half year ended 31 December 2010

Results for announcement to the market

A\$'000

Revenues from ordinary activities	Up	7.8%	to	185
Loss from ordinary activities after tax attributable to members	Up	0.7%	to	(4,012)
Net loss for the period attributable to members	Up	0.7%	to	(4,012)

Explanation		
Dividends (distributions)	Amount per security	Franked amount per security
Interim dividend	NIL	NIL
Previous corresponding period	NIL	NIL
Record date for determining entitlements to the dividend	N/A	
	31 December 2011	31 December 2010
Net tangible asset per security	1.28¢	3.13¢
Control gained over entities having material effect	N/A	
Loss of control of entities having material effect	N/A	
Details of aggregate share of profit (loss) of associated and joint venture entities	N/A	
This report is based on:	accounts which have been subject to review	

PATRY'S LIMITED AND CONTROLLED ENTITIES
ABN 97 123 055 363

APPENDIX 4D – HALF YEAR REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

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This half year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2011 and any public announcements made by Patrys Limited during the half year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the Australian Securities Exchange.

PATRY'S LIMITED AND CONTROLLED ENTITIES
ABN 97 123 055 363

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 ("economic entity") for the half year ended 31 December 2011.

1. Directors

The names of the Directors of the Company in office at any time during or since the end of the half year are:

Mr. John Read (Non Executive Chairman)
Mr. Michael Stork (Non Executive Director and Deputy Chairman)
Dr. Alan Robertson (Non Executive Director)
Dr. Marie Roskrow (Managing Director and Chief Executive Officer) (Appointed 19 October 2011)
Ms. Susan Jones (Non Executive Director) (Appointed 15 December 2011)

2. Review of Operations

Key achievements during the period include:

- Progressing lead product PAT-SM6 through the Phase I melanoma clinical safety trial which commenced in October 2010 and successfully concluded in February 2012, planning a further clinical trial in multiple myeloma and building the appeal of the product for potential partnering.
- Preparing its lead products PAT-LM1 for future clinical trials and PAT-SC1 for out-licensing.
- Advancing its early stage pipeline
- Expanding the Board of Directors with an orientation towards commercial outcomes
- Enhancing the financial position of the Company.

PAT-SM6 human clinical trials

During the half year Patrys advanced its first clinical trial for PAT-SM6. The trial is aimed at patients who have a type of melanoma called "in-transit melanoma," which is a recurrent form of melanoma confined to the skin, and despite treatment, the cancer almost always returns.

The selection of this type of melanoma was based on two rationales. Firstly, the patients are relatively healthy because the cancer is not end-stage. Secondly, biopsies can be performed on the tumours before the commencement of treatment and a few days after, as a simple outpatient procedure.

Administration of the antibody in this trial involved a single dose of PAT-SM6 given to patients based on a typical "three plus three" structure commonly used in cancer clinical trials. Each group is composed of up to three patients and there are three different dosing groups. Dosing started at a very low dose of 0.15 mg/kg, which doubled in the next group to 0.3 mg/kg and again to 0.6 mg/kg. The antibody is given intravenously over 60 to 90 minutes – a relatively short infusion. Between each cohort several weeks are allowed to review of the safety data by the Data Safety Monitoring Board. The trial was completed in February 2012.

As it is a Phase I trial, the primary aim was to establish safety which is why dosing commenced at extremely low levels. No safety issues were 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 to date is also suggestive that cancer cell death occurred in the samples collected. Full result of the trial will be released before the end of March 2012 but the results to date are indicative of the potential of PAT-SM6 as an effective therapeutic for the treatment of melanoma.

In September 2011 Patrys announced that PAT-SM6 had shown significant activity in preclinical studies of multiple myeloma. Based on these results the Company is currently planning for a Phase I/IIa open-label multidose escalation trial in relapsed and multi-resistant patients to be undertaken at the University of Würzburg Phase I/II unit. The study is expected to commence in mid 2012, and take approximately 12 months to complete. The design of the trial will allow continual rolling data to become available.

The primary objective of the study is to evaluate the safety and tolerability of escalating doses of PAT-SM6 in relapsed multiple myeloma patients. The secondary objective is to measure efficacy as determined by a series of well-established laboratory assays.

Advancement of PAT-SC1 towards out-licensing and PAT-LM1 towards a human clinical trial

In September 2011 Patrys announced that PAT-SC1 showed a significant survival benefit in a 10 year follow-up of gastric cancer patients who were treated with the compound. PAT-SC1 was the first of the Patrys' IgM antibodies to be used in a clinical trial.

The Company has been continuing to work to improve the preclinical package for PAT-SC1 which it intends to seek to out-licence in 2012. The improved package should significantly enhance PAT-SC1 as a license offering.

In addition Patrys has also been preparing PAT-LM1 for a clinical trial.

Advancement of early stage pipeline

During the period, Patrys continued to leverage its internal R&D capabilities to expand on its pipeline. This work is a constant process of expansion and consolidation. Intellectual property protection is monitored and assessed so that it provides value to the company.

Expansion of board

In October 2011, the Company announced that it had appointed Chief Executive Officer, Dr. Marie Roskrow as Managing Director. The appointment reinforced the ongoing transition of Patrys to a clinical development company and recognised that as an active member of the Board, Dr. Roskrow will be able to participate more fully in the planning of the direction and future strategy of the Company.

In December 2011, the Company announced that it had appointed Ms. Susan (Suzy) Jones to the Board as a Non Executive Director. Ms. Jones was with Genentech for 20 years where she held a number of senior roles including as Head of Business Development. Her experience in BD executing licensing transactions, her strong networks in the North American venture capital industry and her extensive knowledge of oncology, immunology and autoimmune disease complements the Board's skills set.

Enhance financial strength of the group

In December 2011, Patrys raised \$3.4 million from a placement to institutional and professional investors. This placement was settled in two tranches with the initial \$1.1 million received in December 2011 and the balance of \$2.3 million received in January 2012.

3. Financial and Treasury Activities

The financial results of the Company for the six months ended 31 December 2011 are summarised as follows:

- On a consolidated basis the Company incurred a loss from ordinary activities before income tax of \$4,003,894 (2010: \$3,975,075). The net loss after tax was \$4,011,872 (2010: \$3,981,965). Before interest, tax, depreciation and amortisation the net loss for the period was \$2,500,059 (2010: \$3,649,896).
- Revenues included in the results for the current period of \$184,747 include interest income and a R&D Tax Concession. Revenues of \$171,359 for the corresponding period last year included interest income.
- Research and development costs of \$3,478,756 (2010: \$2,976,378) have been expensed in the period in which they have been incurred. Management and administration costs contribute a further \$709,885 (2010: 1,026,918) to expenses from continuing operations.
- U.S. subsidiary results: The operating results for the half year attributable to Patrys, Inc., a 100 percent owned operating subsidiary, show a net profit of \$3,929 (2010: \$5,405), attributable to income earned by Patrys, Inc. for services provided to the Company. The profit before interest, tax, depreciation and amortisation was \$5,120 (2010: \$5,858).
- European subsidiary results: The operating results for the half year attributable to Patrys GmbH, a 100 percent owned operating subsidiary, show a net profit after tax of \$10,135 (2010: \$14,121), which is attributable to income earned by Patrys GmbH for services provided to the Company. The profit before interest, tax, depreciation and amortisation was \$42,661 (2010: \$45,960).
- The Company's cash and term deposits remain strong at \$4,208,585 at balance date. This was augmented by a further \$2.3 million received by the Company in January 2012 pursuant to the placement announced in December 2011.

4. Events Subsequent to 31 December 2011

On 19 January 2012 the Company received \$2.3 million before costs from the closing of tranche 2 of the placement that was announced in December 2011.

On 9 February 2012 the Company announced that it had completed the treatment of patients in its Phase I trial of PAT-SM6 anti-cancer antibody for the treatment of melanoma. The highest dose levels have been shown to be safe. The full trial results are on track to be reported by end 1Q 2012.

No other subsequent event to the date of this report has a material impact on this financial report or on the financial forecasts of the Company.

5. Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* accompanies this report.

Signed in accordance with a resolution of the Board of Directors dated 17 February 2012.

A handwritten signature in dark ink, appearing to be 'John Read', written in a cursive style.

John Read
Chairman

**LEAD AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

To: The directors
Patrys Limited and the entities it controlled during the half-year

I declare to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2011 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review, and
- no contraventions of any applicable code of professional conduct in relation to the review.



J A Mooney
Partner
PKF

17 February 2012
Melbourne

PATRY'S LIMITED AND CONTROLLED ENTITIES
ABN 97 123 055 363

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	Note	Half year	
		31 December	31 December
		2011	2010
		\$	\$
Revenue from continuing operations	2	184,747	171,359
Expense from continuing operations	3	(4,188,641)	(4,146,434)
Loss from continuing operations before tax		(4,003,894)	(3,975,075)
Income tax expense		(7,978)	(6,890)
Loss for the period from continuing operations after income tax		(4,011,872)	(3,981,965)
Other comprehensive income			
Exchange differences on translating foreign operations	7a	(16,173)	(35,082)
Total comprehensive income for the period attributable to members of the Company		(4,028,045)	(4,017,047)
 Earnings per share:			
Basic earnings per share (cents per share)		(1.60)¢	(2.02)¢
Basic diluted earnings per share (cents per share)		(1.60)¢	(2.02)¢

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

PATRY'S LIMITED AND CONTROLLED ENTITIES
ABN 97 123 055 363

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	Note	31 December 2011 \$	30 June 2011 \$
Current assets			
Cash and cash equivalents		4,208,585	6,203,135
Trade and other receivables		14,521	43,991
Other		55,552	88,062
Total current assets		4,278,658	6,335,188
Non-current assets			
Property, plant and equipment		417,920	475,598
Intangible assets	5	6,786,607	8,035,441
Total non-current assets		7,204,527	8,511,039
Total assets		11,483,185	14,846,227
Current liabilities			
Trade and other payables		982,387	1,196,931
Tax liabilities		857	6,399
Provisions		92,647	77,410
Total current liabilities		1,075,891	1,280,740
Non-current liabilities			
Trade and other payables		-	100,000
Total non-current liabilities		-	100,000
Total liabilities		1,075,891	1,380,740
Net assets		10,407,294	13,465,487
Equity			
Contributed equity	6	46,024,057	45,075,202
Reserves	7	986,959	982,135
Accumulated losses	8	(36,603,722)	(32,591,850)
Total equity		10,407,294	13,465,487

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

PATRY'S LIMITED AND CONTROLLED ENTITIES
ABN 97 123 055 363

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	Fully paid ordinary shares	Foreign currency translation reserve	Share option reserve	Share loan plan reserve	Accumulated losses	Total
2011	\$	\$	\$	\$	\$	\$
At 1 July 2011	45,075,202	(81,446)	842,197	221,384	(32,591,850)	13,465,487
Loss for the period	-	-	-	-	(4,011,872)	(4,011,872)
Other comprehensive income	-	(16,173)	-	-	-	(16,173)
Total comprehensive income for the period	-	(16,173)	-	-	(4,011,872)	(4,028,045)
Transactions with owners in their capacity as owners:						
Issued capital	1,110,000	-	-	-	-	1,110,000
Transaction costs related to shares issued	(161,145)	-	-	-	-	(161,145)
Cost of share based payment	-	-	(840)	21,837	-	20,997
At 31 December 2011	46,024,057	(97,619)	841,357	243,221	(36,603,722)	10,407,294
2010	\$	\$	\$	\$	\$	\$
At 1 July 2010	39,634,530	(53,769)	760,597	61,588	(25,170,180)	15,232,766
Loss for the period	-	-	-	-	(3,981,965)	(3,981,965)
Other comprehensive income	-	(35,082)	-	-	-	(35,082)
Total comprehensive income for the period	-	(35,082)	-	-	(3,981,965)	(4,017,047)
Transactions with owners in their capacity as owners:						
Issued capital	4,700,500	-	-	-	-	4,700,500
Transaction costs related to shares issued	(334,828)	-	-	-	-	(334,828)
Cost of share based payment	-	-	46,116	77,042	-	123,158
At 31 December 2010	44,000,202	(88,851)	806,713	138,630	(29,152,145)	15,704,549

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

PATRY'S LIMITED AND CONTROLLED ENTITIES
ABN 97 123 055 363

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	Half year	
	31 December	31 December
	2011	2010
	\$	\$
Cash flows from operating activities		
Receipts from other debtors	81,918	501,891
Payments to suppliers and employees (inclusive of goods and services tax)	(2,842,305)	(3,787,002)
Interest received	105,331	251,978
Finance costs	-	(1,622)
Taxes paid	(13,520)	(10,491)
Net cash flows used in operating activities	(2,668,576)	(3,045,246)
Cash flows from investing activities		
Investment in patents and licences	(279,277)	(451,421)
Purchase of property, plant and equipment	-	(3,763)
Proceeds from disposal of property, plant and equipment	-	29,257
Net cash flows used in investing activities	(279,277)	(425,927)
Cash flows from financing activities		
Proceeds from issue of shares	1,110,000	4,280,500
Payment of share issue costs	(145,666)	(295,487)
Proceeds from borrowings	-	500,000
Repayment of borrowings	-	(2,018)
Net cash flows from financing activities	964,334	4,482,995
Net (decrease)/increase in cash held	(1,983,519)	1,011,822
Cash and cash equivalents at beginning of the half year	6,203,135	6,783,233
Effect of exchange rate movements	(11,031)	(53,507)
Cash and cash equivalents at end of the half year	4,208,585	7,741,548

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

PATRYS LIMITED AND CONTROLLED ENTITIES
ABN 97 123 055 363

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

Note 1: Statement of compliance

The financial report of Patrys Limited for the half year ended 31 December 2011 was authorised for issue in accordance with a resolution of the Directors on 17 February 2011. Patrys Limited is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange. The nature of the operations and the principal activities of the Company and its controlled entities (the "Group") are described in Note 4.

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report, together with any public announcements made by Patrys Limited.

The Group has adopted applicable new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2011. Adoption of the Standards did not have any effect on the financial position or performance of the Group.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those of the previous financial year and corresponding interim reporting period.

	Half year 31 December 2011 \$	31 December 2010 \$
Note 2: Revenue from continuing operations		
Other income		
Interest revenue	100,854	169,468
R&D tax concession	79,077	-
Foreign currency gain	4,769	-
Insurance recoveries	-	1,591
Other	47	300
	184,747	171,359

Note 3: Expenses from continuing operations

Research and development	3,478,756	2,976,378
Management and administration	709,885	1,026,918
Interest costs	-	3,982
Loss on translation of value of assets/liabilities held in foreign currencies	-	139,156
	4,188,641	4,146,434

The expenses above include the following specific items:

Depreciation – plant and equipment	33,517	31,767
Amortisation – intellectual property	1,470,318	264,028
Loss on disposal – plant and equipment	321	10,077
Provision for non recovery of other debtors	-	16,820
Rental expense related to operating leases	14,953	17,231
Employee benefit expenses		
Defined contribution superannuation expense	36,226	40,082
Expenses of share based payments	16,579	110,715
Wages and other employee benefit expenses	806,767	1,073,872

PATRY'S LIMITED AND CONTROLLED ENTITIES
ABN 97 123 055 363

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

Note 4: Operating segments

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 5: Intangible assets

	31 December 2011	30 June 2011
Intellectual property establishment and acquisitions at cost	10,935,753	10,714,269
Less: Accumulated amortisation and impairment losses	(4,149,146)	(2,678,828)
	6,786,607	8,035,441

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

Carrying amount at 1 July	8,035,441	8,060,622
Additions - acquisitions	221,484	881,637
Amortisation and impairment expense (i)	(1,470,318)	(906,818)
Carrying amount at the end of year	6,786,607	8,035,441

(i) The expense is included in the line item "research and development".

(ii) Intangible assets comprise licences, intellectual property, registered patents and trademarks, have a finite useful life and are recorded at cost. Amortisation is calculated using straight line method over the estimated useful life, which range from 12 to 20 years. Remaining amortisation periods range from 6 to 20 years.

Note 6: Contributed equity

	31 December 2011	
	No.	\$
Opening balance 1 July 2011	249,213,898	45,075,202
Shares issued under placement at 3 cents per share	37,000,000	1,110,000
Shares issued under loan share plan	765,000	-
Transaction costs in relation to shares issued	-	(161,145)
Closing balance 31 December 2011	286,978,898	46,024,057

	30 June 2011	
	No.	\$
Opening balance 1 July 2010	186,267,371	39,634,530
Shares issued under placement at 10 cents per share	37,750,000	3,775,000
Share issued under share purchase plan at 10 cents per share	5,054,000	505,400
Share issued on conversion of Notes	19,114,537	1,500,100
Shares issued under loan share plan	1,296,084	-
Shares cancelled under loan share plan	(268,094)	-
Transaction costs in relation to shares issued	-	(339,828)
Closing balance 30 June 2010	249,213,898	45,075,202

PATRY'S LIMITED AND CONTROLLED ENTITIES
ABN 97 123 055 363

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

Note 7: Reserves

	31 December	30 June
	2011	2011
	\$	\$
Foreign currency translation reserve	(a) (97,619)	(81,446)
Share options reserve	(b) 841,357	842,197
Share loan plan reserve	(c) 243,221	221,384
	986,959	982,135
(a) Foreign currency translation reserve		
Opening balance 1 July	(81,446)	(53,769)
Net adjustment arising from the translation of foreign controlled entities' financial statements	(16,173)	(27,677)
Closing balance	(97,619)	(81,446)
(b) Share options reserve		
Opening balance 1 July	842,197	760,597
Value of options issued (recognised over vesting period)	12,711	81,600
Value of reversal of expense for options lapsed before vesting	(13,551)	-
Closing balance	841,357	842,197
(c) Share loan plan reserve		
Opening balance 1 July	221,384	61,588
Value of shares issued (recognised over vesting period)	21,837	159,796
Closing balance	243,221	221,384

Note 8: Movement in accumulated losses

	31 December	30 June
	2011	2011
	\$	\$
Opening balance 1 July	(32,591,850)	(25,170,180)
Net loss attributable to the members of the parent entity for the period	(4,011,872)	(7,421,670)
Closing balance	(36,603,722)	(32,591,850)

Note 9: Commitments and contingencies

Changes to commitments and contingencies disclosed in the most recent annual financial report are specified below:

Patry's Supplier Arrangements

As at balance date, to the extent that work had been completed, expenditure has been provided for in the accounts. Committed but unrecognised expenditure as at balance day amounted to \$368,012 (2010: \$355,165).

Note 10: Events subsequent to reporting date

On 19 January 2012 the Company received \$2.3 million before costs from the closing of tranche 2 of the placement that was announced in December 2011.

On 9 February 2012 the Company announced that it had completed the treatment of patients in its Phase I trial of PAT-SM6 anti-cancer antibody for the treatment of melanoma. The highest dose levels have been shown to be safe. The full trial results are on track to be reported by end 1Q 2012.

No other significant events have arisen subsequent to 31 December 2011 which require disclosure in the half year report.

PATRY'S LIMITED AND CONTROLLED ENTITIES
ABN 97 123 055 363

DIRECTORS' DECLARATION

In the Directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporate Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2011 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) of the *Corporations Act 2001*.

On behalf of the directors



John Read
Chairman

Dated this 17th day of February 2011

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF PATRYS LIMITED****Report on the Half-Year Financial Report**

We have reviewed the accompanying consolidated half-year financial report of Patrys Limited which comprises the statement of financial position as at 31 December 2011, 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. The consolidated entity comprises Patrys Limited (the company) and the entities it controlled at 31 December 2011 or from time to time during the half-year ended on that date.

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 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 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 2011 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 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 the consolidated entity 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 2011 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*.

**PKF**17 February 2011
Melbourne**J A Mooney**
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