

Appendix 4D
Half-Year Report for the period ended 31 December 2017

Results for announcement to the Market

Financial Performance

PharmAust Limited - Consolidated			
(AUD 000')	Half-year ended 31 Dec 2017	Half-year ended 31 Dec 2016	Movement %
Revenue	1,663	1,642	1.2%
(Loss) before tax attributable to members	(1,496)	(414)	(261%)
(Loss) after tax attributable to members	(1,496)	(414)	(261%)

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 2017	Half-year ended 31 Dec 2016
(Loss) per share (Basic & Diluted)	(0.93) cents	(0.43) cents

Net Tangible Asset Backing

	Half-year ended 31 Dec 2017	Half-year ended 31 Dec 2016
Net tangible asset backing	2.37 cents	2.87 cents

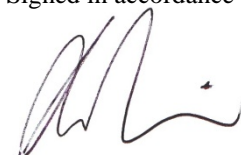
Entities Acquired and Disposed During the Period

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 28th day of February 2018

**PHARMAUST LIMITED
ABN 35 094 006 023
AND ITS CONTROLLED ENTITIES**

**Interim Financial Report
for the half-year ended 31 December 2017**

C O N T E N T S

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Statement of Financial Position
Statement of Changes in Equity
Statement of Cash Flows
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Auditor's Independence Declaration

PHARMAUST LIMITED DIRECTORS' REPORT

The directors of PharmAust Limited submit the financial report of the consolidated entity for the half-year ended 31 December 2017.

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
Mr Sam Wright

RESULTS

The operating loss for the consolidated entity for the half-year ended 31 December 2017 was \$1,496,443 (2016: \$414,472).

PRINCIPAL ACTIVITIES

The principal continuing activities constituted by PharmAust Limited and the entities it controlled during the half year were to develop its own drug discovery intellectual property, namely two platforms for the treatment of different types of cancers in humans and animals, as well as providing highly specialised medicinal and synthetic chemistry services on a contract basis to clients.

REVIEW OF OPERATIONS

During the half year, PharmAust successfully achieved several major milestones that have opened the path to clinical trial in 2018. The company announced a successful outcome to its clinical trial in dogs diagnosed with Lymphoma, confirmed it has made significant progress towards identifying a formulation that improves dose and palatability and appointed three global leaders to its Veterinary Clinical Advisory Board.

Following the completion of a successful capital raise, the company is now well positioned to deliver on its goal of re-initiating clinical development of monepantel in humans and dogs in 2018 and further continue to build the contract sales and income activities of its wholly owned subsidiary, Epichem Pty Ltd.

PITNEY PHARMACEUTICALS PTY LTD – 100% OWNED SUBSIDIARY

During the half year, the Company successfully achieved several major milestones that have opened the path to clinical trial in 2018. The company announced a successful outcome to its clinical trial in dogs diagnosed with Lymphoma, confirmed it has made significant progress towards identifying a formulation that improves dose and palatability and appointed three global leaders to its Veterinary Clinical Advisory Board.

Following the completion of a successful capital raise, the company is now well positioned to deliver on its goal of re-initiating clinical development of monepantel in humans and dogs in 2018.

Phase II Cancer Trial in Dogs Diagnosed with Lymphoma

A Phase II pilot trial in dogs diagnosed with lymphoma was completed with the key primary endpoints of safety and efficacy successfully achieved. Six of seven dogs diagnosed with B-cell lymphoma and treated with monepantel (MPL) developed stable disease (86%), with a median reduction in tumour size of 4%.

The objective of the trial was to assess the efficacy of PharmAust's lead molecule, MPL, as a first line therapy in dogs diagnosed with B-cell lymphoma that had not received any previous chemotherapy. The dogs were treated for two weeks with daily doses of MPL as first-line therapy before commencing conventional chemotherapy.

Reformulation of Monepantel

In collaboration with BRI Pharmaceutical Research, PharmAust has successfully identified a dry powder formulation that successfully meets the company's minimal requirements for dosing as either a capsule or tablet, taste masking and oral bioavailability.

PHARMAUST LIMITED

DIRECTORS' REPORT continued

BRI is currently optimising the method. Once finalised, the formulation will be scaled to produce sufficient quantities of drug for clinical trial which will commence in 2018.

Appointment of prestigious Veterinary Clinical Advisory Board

PharmAust was delighted to announce the appointment of three global opinion leaders to its Veterinary Advisory Board. The Board is chaired by Dr Angela Frimberger, who is leading PharmAust's dog clinical trials, along with Dr Barbara Kitchell, a world leading Veterinary Oncologist based in the US and Dr Christian Schirvel, who was previously the Global Head of Business Development and Licensing at Elanco. Together this team is advising PharmAust on its clinical and commercial development plans for monepantel.

Preparations for Clinical Trial

Preparation for clinical trial in humans and dogs is well advanced. In addition to the appointment of the advisory team, we have identified sites for the canine clinical trials and also shortlisted a panel of regulatory consultants who will help co-ordinate the human clinical trial programme. Further details on the clinical development plans will be released by the end of Q3, FY2018.

PharmAust and Nihon Nohyaku Japan Enter Assignment Agreement of Joint Patents

During the half year, PharmAust announced it had entered an agreement with Nihon Nohyaku Co Ltd (NNC) to assign NNC's interests in a joint patent portfolio to PharmAust. In return NNC will receive royalties on sales.

The portfolio consists of two patent families entitled Anticancer agent comprising aminoacetonitrile compound as active ingredient. These patents relate to a library of novel aminoacetonitrile (AADs) compounds, originally patented jointly by Nihon Nohyaku and PharmAust, as anticancer agents. Importantly, these AADs are related to but distinct from Monepantel, which PharmAust is developing for clinical trials in humans and dogs diagnosed with cancer.

PharmAust CEO Dr Richard Hopkins commented, "We are delighted that Nihon Nohyaku has agreed to assign its joint intellectual property rights to PharmAust. This means PharmAust now fully owns rights to over 50 novel AAD compounds, which can potentially be used to develop a proprietary pipeline of anti-cancer compounds."

This complements our endeavours to develop Monepantel as a lead therapy to treat cancers in dogs and humans. PharmAust was recently granted patents covering "methods of use" for Monepantel in cancer and non-cancer fields. The company is also progressing licensing discussions with Elanco, which owns the rights to Monepantel and has registered the drug for use in animals. The recent agreement with NNC provides PharmAust with further scope to independently commercialise its intellectual property.

PharmAust has engaged its subsidiary Epichem to synthesise and optimise selected AAD candidates from the NNC library for screening in anti-cancer assays in order to create a pipeline of next generation drugs.

Dr Hopkins said "The ability to access the in-house medicinal chemistry expertise at Epichem is a key competitive advantage of PharmAust. Epichem has a proven track record of optimising drug candidates with a number of candidates currently in various stages of clinical trials. We expect to announce the outcome of these pilot studies later in this financial year."

PharmAust secures core Europe patent

During the half year, PharmAust announced the issue of another core patent in Europe. This patent covers the use of its lead drug monepantel as a cancer therapy with protection until 2033. The patent (No. P021225EP) entitled "Kinase Inhibitors for the Treatment of Cancer", claims the use aminoacetonitrile derivatives as potent kinase inhibitors for the treatment of cancer.

Dr Richard Hopkins, PharmAust's CEO, commented, "Allowance of this Method of Use patent secures PharmAust's core intellectual property (IP) in another key world market. It joins the family of patents that have already been granted in important major markets including the US, Australia and China giving the company IP protection. We're delighted with this outcome as it adds to the breadth and commercial value to our patent portfolio."

PHARMAUST LIMITED
DIRECTORS' REPORT continued

EPICHEM PTY LTD - 100% OWNED SUBSIDIARY

Epichem, PharmAust's wholly owned subsidiary, has continued to make strong progress towards key operational milestones as well as build the contract sales and income activities.

Epichem has been delivering synthetic and medicinal chemistry services to the drug discovery and pharmaceutical industries worldwide since 2003. 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 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's expert team of medicinal chemists is also supporting PharmAust's oncology programmes and has made a number of novel analogues of MPL. While still at the early pre-clinical research stage, if successful, this research could ultimately lead to a new drug with improved properties which is wholly owned by PharmAust.

Epichem wins prestigious WA Exporter of the Year Award

Epichem won its fifth WA Export Award and was awarded the prestigious 'WA Exporter of the Year' award at the 29th WA Industry and Export Awards in October. Epichem also received the coveted Health and Biotechnology Award. Coordinated by the Department of Jobs, Tourism, Science and Innovation and managed by the Export Council of Australia, the awards recognise and honour the "best of the best" in Western Australian business.

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Dr Wayne Best, CEO of Epichem, said "We're proud to be named 'WA Exporter of the Year', which recognises the hard work and dedication from our outstanding team. Epichem has now won a WA Export Award in each of the five years it has entered and is in the WA Export Hall of Fame. Epichem has also won a prestigious Australian Export Award in the Small Business category.

We're particularly pleased with this year's award as it recognises the strong growth in revenues we've achieved following the decision to expand our laboratory space. Epichem is also finalising a new standards accreditation to offer its services to a wider range of global customers. Delivery on these outcomes is expected to drive continued revenue growth. The company is forecasting increased revenues for the 2018 FY."

Epichem Expands Laboratory to Accelerate Growth

In July 2017, Epichem announced it will be expanding its existing laboratory space and hood capacity by a further 50 per cent. This expansion will be part-funded by a \$466K loan from the Export Finance Insurance Commission (Efic) to be repaid over four years.

Epichem's Managing Director, Dr Wayne Best, said: "Our existing laboratories, which were expanded in 2015, are now running at full capacity. The new laboratories are needed to meet current and forecast demand." Dr Best added: "the time could not be better for a further expansion. The lower Australian dollar and the ongoing improvements to our quality accreditation levels are expected to continue driving significant revenue growth for the company and shareholders".

Epichem is on-track to complete the expansion of its laboratory space by Q3, FY2018.

PHARMAUST LIMITED
DIRECTORS' REPORT continued

Epichem also submitted its applications for both the ISO17025 and ISO17034 Quality Accreditations, which represent the highest international standards for the production of reference standards. Discussions are continuing with the accreditation authorities to finalise the approval process.

Finally, Epichem Pty Ltd, was awarded a one year extension to its current contract with Drugs for Neglected Diseases initiative (DNDi) (www.dndi.org). The contract, which will see Epichem continue to provide synthetic & medicinal chemistry support to DNDi's drug discovery projects and will generate \$1.3M in revenues during 2018.

CORPORATE

Successful Placement to Raise \$1.87m

PharmAust was pleased to announce it has received commitments to raise \$ 1.873 million through an oversubscribed Placement to sophisticated investors.

Funds were raised via an oversubscribed placement of 39,000,000 fully paid ordinary shares (the maximum allowed under the company's 25% capacity) at \$0.045 per share to sophisticated investors. This represents a discount of 10.9% discount to the 5-Day VWAP of \$0.0505 and a 8.2% discount to the last close (1 December 2017) of \$0.049.

In addition, officers of PAA subscribed for an additional 2.611m shares to raise up to \$118,000, which received Shareholder approval at an extraordinary general meeting held on 26 February 2018.

Proceeds will be used to accelerate clinical development of monepantel, the company's lead drug candidate, and to support further strategic investment in Epichem.

Annual General Meeting

The Annual General Meeting of the Shareholders of PharmAust Limited was held on 29 November 2017 at Epichem Pty Ltd Suite 5, 3 Brodie Hall Drive, Technology Park, Bentley, Western Australia. All resolutions that were put were unanimously passed on a show of hands.

SUBSEQUENT EVENTS

A General Meeting of Shareholders was held on 26 February 2018, all resolutions that were put were unanimously passed on a show of hands.

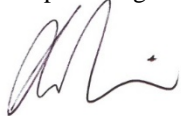
On 28 February 2018, PharmAust announced the receipt of a Research and Development (R&D) Tax Incentive refund of \$354,300 for the 2016/2017 financial year. The refund relates to the eligible expenditure on the company's lead molecule, monepantel, which has been undergoing further evaluation in clinical trial in dogs and which is currently being reformulated for expanded clinical development in humans and companion animals. The amount has been included within trade and other receivables as at 31 December 2017.

There have been no other significant events subsequent to the end of the period.

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 28th day of February 2018

PHARMAUST LIMITED
STATEMENT OF COMPREHENSIVE INCOME
For the half-year ended 31 December 2017

		Consolidated	
	Note	31 December 2017	31 December 2016
		\$	\$
Revenue		1,090,718	1,097,551
Other income		<u>572,227</u>	<u>544,262</u>
Total revenue		1,662,945	1,641,813
Raw material and consumables used		(135,197)	(163,796)
Research and development expenses		(395,483)	(312,053)
Share based payment expense	8	(708,070)	-
Administration expenses		(587,054)	(505,512)
Employee benefits expense		(1,254,984)	(985,005)
Borrowing costs		(18,283)	(35,176)
Depreciation		<u>(60,317)</u>	<u>(54,743)</u>
Loss before income tax		(1,496,443)	(414,472)
Income tax expense		<u>-</u>	<u>-</u>
Loss for the period		<u>(1,496,443)</u>	<u>(414,472)</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive loss for the period		<u>(1,496,443)</u>	<u>(414,472)</u>
Basic and diluted loss per share (cents per share)		(0.93)	(0.43)

The accompanying notes form part of these financial statements

PHARMAUST LIMITED
STATEMENT OF FINANCIAL POSITION
As at 31 December 2017

		Consolidated	
	Note	31 December 2017 \$	30 June 2017 \$
CURRENT ASSETS			
Cash and cash equivalents		2,945,646	2,590,330
Trade and other receivables		713,717	222,187
Other current assets		53,720	44,668
Inventories		493,033	486,773
TOTAL CURRENT ASSETS		<u>4,206,116</u>	<u>3,343,958</u>
NON CURRENT ASSETS			
Plant and equipment	7	1,709,891	1,743,829
Intangible assets		3,107,477	3,107,476
TOTAL NON CURRENT ASSETS		<u>4,817,368</u>	<u>4,851,305</u>
TOTAL ASSETS		<u>9,023,484</u>	<u>8,195,263</u>
CURRENT LIABILITIES			
Trade and other payables		590,725	361,873
Borrowings		225,000	206,250
Provisions		276,977	388,104
TOTAL CURRENT LIABILITIES		<u>1,092,702</u>	<u>956,227</u>
NON CURRENT LIABILITIES			
Borrowings		168,749	281,250
Provisions		-	42,739
TOTAL NON CURRENT LIABILITIES		<u>168,749</u>	<u>323,989</u>
TOTAL LIABILITIES		<u>1,261,451</u>	<u>1,280,216</u>
NET ASSETS		<u>7,762,033</u>	<u>6,915,047</u>
EQUITY			
Issued capital	3	49,240,027	47,604,668
Reserves		1,785,366	1,077,296
Accumulated losses		(43,263,360)	(41,766,917)
TOTAL EQUITY		<u>7,762,033</u>	<u>6,915,047</u>

The accompanying notes form part of these financial statements

PHARMAUST LIMITED
STATEMENT OF CHANGES IN EQUITY
For the half-year ended 31 December 2017

	Issued Capital \$	Accumulated Losses \$	Options Reserve \$	Total \$
As at 1 July 2016	44,463,072	(40,423,303)	983,492	5,023,261
Loss for the period	-	(414,472)	-	(414,472)
Total comprehensive loss for the period	-	(414,472)	-	(414,472)
<i>Transactions with owners in their capacity as owners:</i>				
Shares issued (net)	2,710,713	-	-	2,710,713
As at 31 December 2016	47,173,785	(40,837,775)	983,492	7,319,502
	Issued Capital \$	Accumulated Losses \$	Options Reserve \$	Total \$
As at 1 July 2017	47,604,668	(41,766,917)	1,077,296	6,915,047
Loss for the period	-	(1,496,443)	-	(1,496,443)
Total comprehensive loss for the period	-	(1,496,443)	-	(1,496,443)
<i>Transactions with owners in their capacity as owners:</i>				
Shares issued (net)	1,635,359	-	-	1,635,359
Share based payments	-	-	708,070	708,070
As at 31 December 2017	49,240,027	(43,263,360)	1,785,366	7,762,033

The accompanying notes form part of these financial statements

PHARMAUST LIMITED
STATEMENT OF CASH FLOWS
For the half-year ended 31 December 2017

	Consolidated	
	31 December 2017	31 December 2016
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	599,186	643,355
Payments to suppliers and employees	(2,330,373)	(1,988,253)
Interest received	14,964	4,766
Other income	548,212	551,263
Foreign exchange gains	-	280
Finance costs	(18,283)	(35,176)
Net cash used in operating activities	<u>(1,186,294)</u>	<u>(823,765)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for plant and equipment	-	(39,659)
Net cash used in investing activities	<u>-</u>	<u>(39,659)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issued (net)	1,635,360	2,710,713
Net repayment of borrowings	(93,750)	(45,399)
Net cash provided by financing activities	<u>1,541,610</u>	<u>2,665,314</u>
Net movement in cash held	355,316	1,801,890
Cash at beginning of the financial period	<u>2,590,330</u>	<u>881,823</u>
Cash at end of the financial period	<u><u>2,945,646</u></u>	<u><u>2,683,713</u></u>

The accompanying notes form part of these financial statements

PHARMAUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2017

1. CORPORATE INFORMATION

The financial report of PharmAust Limited for the half-year ended 31 December 2017 was authorised for issue in accordance with a resolution of the Directors on 28 February 2018. PharmAust Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and the principal activities of the Company are described in the Directors' Report.

BASIS OF PREPARATION

This general purpose financial report for the half-year reporting period ended 31 December 2017 has been prepared in accordance with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*. The Group is a 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 2017 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:

COMPLIANCE STATEMENT

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

PHARMAUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2017

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 2016			
Revenue			
External sales	-	1,097,551	1,097,551
Other external revenue	422,060	122,202	544,262
Total revenue per statement of comprehensive income			1,641,813
Results			
Segment net profit (loss) before tax	(400,536)	(13,936)	(414,472)
Interest income	3,279	1,487	4,766
Interest expense	-	(35,176)	(35,176)
Depreciation and amortisation	(2,576)	(52,167)	(54,743)
Segment assets			
Segment operating assets	3,007,485	5,563,736	8,571,221
Segment liabilities			
Segment operating liabilities	(234,689)	(1,017,030)	(1,251,719)
	Corporate	Pharmaceutical	Total
	\$	\$	\$
31 December 2017			
Revenue			
External sales	-	1,090,718	1,090,718
Other external revenue	283,543	288,684	572,227
Total revenue per statement of comprehensive income			1,662,945
Results			
Segment net profit (loss) before tax	(1,387,632)	(108,811)	(1,496,443)
Interest income	14,902	64	14,966
Interest expense	-	(18,283)	(18,283)
Depreciation and amortisation	-	(60,317)	(60,317)
Segment assets			
Segment operating assets	3,203,961	5,819,523	9,023,484
Segment liabilities			
Segment operating liabilities	(344,421)	(917,030)	(1,261,451)

PHARMAUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2017

3 ISSUED CAPITAL

	31 December 2017	30 June 2017	31 December 2017	30 June 2017
	Number	Number	\$	\$
Ordinary shares on issue				
Balance at beginning of period	157,339,553	92,503,645	47,604,668	44,463,072
Share issued (net of costs)	39,000,000	64,835,908	1,635,359	3,141,596
Balance at end of period	196,339,553	157,339,553	49,240,027	47,604,668

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 AND ASSETS

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

6 SUBSEQUENT EVENTS

A General Meeting of Shareholders was held on 26 February 2018, all resolutions that were put were unanimously passed on a show of hands.

On 28 February 2018, PharmAust announced the receipt of a Research and Development (R&D) Tax Incentive refund of \$354,300 for the 2016/2017 financial year. The refund relates to the eligible expenditure on the company's lead molecule, monepantel, which has been undergoing further evaluation in clinical trial in dogs and which is currently being reformulated for expanded clinical development in humans and companion animals. The amount has been included within trade and other receivables as at 31 December 2017.

There have been no other significant events subsequent to the end of the period.

PHARMAUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2017

	CONSOLIDATED	
	31 DECEMBER	30 JUNE 2017
	2017	\$
	\$	
7. PLANT AND EQUIPMENT		
Cost	2,483,940	2,457,561
Accumulated depreciation	(774,049)	(713,732)
	1,709,891	1,743,829

Movements in Carrying Amounts:

Carrying amount at the beginning of the year	1,743,829	1,819,868
Additions	26,379	57,024
Disposal	-	(24)
Depreciation expense	(60,317)	(133,039)
Carrying amount at the end of year	1,709,891	1,743,829

	CONSOLIDATED	
	31 DECEMBER	31 DECEMBER
	2017	2016
	\$	\$
8. SHARE BASED PAYMENTS		
Share based payment – Options	619,408	-
Share based payment – Performance Rights	88,662	-
	708,070	-

The Options related share based payment expense includes \$131,838 for options granted during this reporting period and \$487,570 for options granted during the June 2017 financial year.

Grant date	Expiry date	Exercise price (\$)	Balance at start of the period	Number issued during the period	Number exercised during the period	Number expired during the period	Balance at end of the period
04/09/2015	03/09/2018	0.16	675,000	-	-	-	675,000
04/12/2015	30/11/2019	0.12	21,612,079	-	-	-	21,612,079
31/05/2017	31/03/2020	0.08	1,875,000	-	-	-	1,875,000
31/05/2017	31/03/2020	0.15	3,750,000	-	-	-	3,750,000
31/05/2017	31/03/2020	0.23	4,500,000	-	-	-	4,500,000
06/06/2017	31/03/2020	0.08	1,875,000	-	-	-	1,875,000
06/06/2017	31/03/2020	0.15	3,750,000	-	-	-	3,750,000
06/06/2017	31/03/2020	0.23	4,500,000	-	-	-	4,500,000
31/08/2017	30/08/2020	0.08	-	3,750,000	-	-	3,750,000
			42,537,079	3,750,000	-	-	42,287,079

The performance rights share based payment expense for the period of \$88,662 is determined based on the value at grant date and management's estimate of the vesting probability at balance date. This is determined with reference to the likelihood of achieving the specified milestones for each class of performance rights. The performance rights expense is for performance rights granted during the June 2017 financial year. There have been no new performance rights granted during this reporting 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:
 - a. comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134: Interim Financial Reporting, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b. give a true and fair view of the consolidated entity's financial position as at 31 December 2017 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 28th day of February 2018

RSM Australia Partners

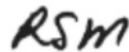
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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of PharmAust Limited for the half-year ended 31 December 2017, 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.

A handwritten signature of "RSM" in a cursive, stylized font.

RSM AUSTRALIA PARTNERS

A handwritten signature of "D J Wall" in a cursive, stylized font.

Perth, WA
Dated: 28 February 2018

D J WALL
Partner

RSM Australia Partners

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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 2017, 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 2017 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.

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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 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 2017 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 AUSTRALIA PARTNERS



D J WALL
Partner

Perth, WA
Dated: 28 February 2018