Appendix 4E

Preliminary final Report

Name of Entity	PharmAust Limited
ABN	35 094 006 023
Year Ended	30 June 2014
Previous Corresponding Reporting Period	30 June 2013

Results for Announcement to the Market

		$'000	Percentage increase/(decrease) over previous corresponding period
Revenue from ordinary activities		2,007	17%
(Loss) from ordinary activities after tax attributable to members		(1,317)	(156%)
Net (loss) for the period attributable to members		(1,317)	(156%)
Dividends (distributions)	**Amount per security**	**Franked amount per security**	
Final Dividend	It is not proposed to pay Dividends		
Interim Dividend	It is not proposed to pay Dividends		
Record date for determining entitlements to the dividends (if any)		Not Applicable	

Dividends

Date the dividend is payable	No dividends
Record date to determine entitlement to the dividend	No dividends
Amount per security	-c
Total dividend	-c
Amount per security of foreign sourced dividend or distribution	-c
Details of any dividend reinvestment plans in operation	No dividends
The last date for receipt of an election notice for participation in any dividend reinvestment plans	No dividends

Net Tangible Assets per Security

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security	0.18c	0.05c

The 30 June 2014 financial report dated 27 August 2014 forms part of and should be read in conjunction with the Preliminary Final Report (Appendix 4E).

This report is based on financial statements that have been audited. The audit report is included in the 30 June 2014 Annual Financial Report.

PharmAust Limited

ABN 35 094 006 023

Annual Report 2014

Pitney Pharmaceuticals Limited

epichem molecules made to order

CONTENTS

CORPORATE DIRECTORY

PRINCIPAL PLACE OF BUSINESS

PharmAust Limited
Suite 7,
29 The Avenue
Nedlands, Western Australia 6009
Tel +61 (8) 9386 4787 Fax +61 (8) 9389 1464
www.pharmaust.com
ASX CODE: PAA, PAAO

Epichem Pty Ltd
South Street
Murdoch, Western Australia 6150

REGISTERED OFFICE

Suite 7,
29 The Avenue
Nedlands, Western Australia 6009
Tel +61 (8) 9386 4787 Fax +61 (8) 9389 1464

DIRECTORS

Dr Roger Aston (Appointed on 12 August 2013)
Mr Robert Bishop (Appointed on 29 October 2013)
Professor David Morris (Appointed on 12 August 2013)
Mr Sam Wright

COMPANY SECRETARY

Mr Sam Wright

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 2, 45 St George's Terrace
Perth, Western Australia 6000

AUDITORS

RSM Bird Cameron Partners
8 St Georges Terrace
Perth, Western Australia 6000

SOLICITORS

Fairweather Corporate Lawyers
595 Stirling Highway
Cottesloe, Western Australia 6011

STOCK EXCHANGE

Australian Securities Exchange
Exchange Plaza
2 The Esplanade
Perth, Western Australia 6000

DIRECTORS' REPORT

Your Directors present their report on the Company and the entities it controlled for the financial year ended 30 June 2014.

Directors

The following persons held office as directors of PharmAust Limited during the financial year and up to the date of this report:

Dr Roger Aston	Executive Chairman (appointed 12 August 2013)
Robert Bishop	Executive Director (appointed 29 October 2013)
Professor David Morris	Non-Executive Director (appointed 12 August 2013)
Sam Wright	Non-Executive Director
Henry Gulev	Non-Executive Director (resigned 29 October 2013)
Bryant Mclarty	Executive Chairman (resigned 12 August 2013)

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

Principal Activities

The principal continuing activities constituted by PharmAust Limited and the entity it controlled during the year were to develop its own drug discovery intellectual property, namely three 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.

Operating Results

The results of the consolidated entity for the year ended 30 June 2014 was a loss, after income tax expense, of $1,317,853 (2013: loss of $514,883).

Financial Position

The net assets of the consolidated entity were $7,764,157 as at 30 June 2014 (2013: $310,877).

Review of Operations

PITNEY PHARMACEUTICALS PTY LIMITED – 100% OWNED SUBSIDIARY

The Company completed a transaction to acquire 100% of the issued share capital of Pitney Pharmaceuticals Pty Limited. ("Pitney"). Pitney is an Australian company, which is in the business of developing therapeutic cancer products. It has exclusive rights to three oncology technology platforms, which are being developed with an aim to improve the outcomes of patients with cancer.

The technology platforms:

PPL-1 (Platform 1): Pitney is undertaking further research of an anthelminthic active to determine the clinical scope and application of this active in oncology. Pitney has entered into a Collaborative Research and Option Agreement with a leading global animal health company, setting out the terms of the research program including ownership of intellectual property and results, an option to licence granted by Pitney over its intellectual property ownership, and other standard commercial terms associated with agreements of this type for the uses in veterinary oncology.

In addition to the work to develop a veterinary product with the leading global animal health company, Pitney is separately clinically evaluating this anthelminthic in human cancers.

Albendazole (Platform 2): Albendazole is another anthelminthic drug used extensively in human and veterinary practice and has been shown to be a potent Vascular Endothelial Growth Factor inhibitor. It has been evaluated in humans at the St George Hospital in Sydney for the treatment of "ascites", a condition affecting approximately 10% of many abdominal cancers.

Diseases involving mucin (Platform 3): This third product area involves the use of specific enzymes to challenge the ability of certain tumours to have resistance to chemotherapy. This platform involves a mucolytic formulation to enhance treatment and therapy of abdominal tumors. Some abdominal cancers are characterized by the presence of large amounts of mucin, a gelatinous substance that reduces the efficacy of anti-cancer drugs. Removal of the tumor associated mucin has provide a challenge and Pitney has the licence to a formulation that dissolves the mucin in situ and potentially allows for more effective chemotherapy.

On 13th August 2013, the Company advised that the settlement of the acquisition of Pitney Pharmaceuticals had taken place following the satisfaction of various conditions including PAA shareholder approvals (which were received on 5th August 2013), completion of due diligence and the key vendors and PharmAust complying with all of their obligations under the Share Sale Agreement.

450,000,000 shares and 50,000,000 options have been issued as consideration for the acquisition of Pitney Pharmaceuticals in accordance with resolution 3 approved by shareholders at the General Meeting on 5th August 2013. The shares issued to the key vendors were subject to 12 months voluntary escrow.

DIRECTORS' REPORT (Cont.)

During the year, the Company made significant progress with the development of its key anti-cancer product, PPL-1 and now the Royal Adelaide Hospital and the Homebush Veterinary Centre both have received the required regulatory approvals to commence their trials.

On 15th April, the Company announced that it has received approval from the Research Ethics Committee of the Royal Adelaide Hospital to begin evaluation of proprietary drug PPL-1 in a Phase I/II clinical trial.

The clinical trial will be undertaken by the Royal Adelaide Hospital in approximately 12 -15 human patients suffering from a variety of late stage cancers, potentially including the major cancers such as lung, pancreas, oesophageal, gastric, colorectal, ovarian, breast, prostate, liver, sarcoma, lymphoma, and melanoma.

On 19th May, PharmAust announced that it has received approval from the Royal Adelaide Hospital Governance Committee to begin evaluation of proprietary drug PPL-1 in a Phase I/II clinical trial in man. This is the final approval required to commence this trial following the earlier approval of the trial from the Royal Adelaide Hospital Ethics Committee.

On 23rd June PharmAust further reported that following a “Trial Initiation Meeting” between the Company, Professor Michael Brown (the principal investigator), and the Contract Research Organisations managing the clinical services (IDT CMAX) and analytical services (CPR Pharma Services), the screening of patients for recruitment and treatment has been initiated. The Company will report on the dosing of the first patient as soon as patients satisfying the inclusion and exclusion criteria are identified.

PharmAust’s Executive Chairman, Dr Roger Aston said, “PharmAust’s scientific and clinical team, has managed to take a new potential anticancer agent from the bench to approval of ‘first-in-man’ trial within 10 months. We are grateful and acknowledge NewSouth Innovations in this discovery and their continued support of the work emanating from the St George Hospital. The trial is the culmination of many years of research and development in the laboratory of Professor David Morris.”

The cancer chemotherapy market (estimated at US $42 billion/annum)* is currently the fastest growing sector within the pharma industry, mainly driven by the identification of new potential therapeutic targets. This growth is further fuelled by the magnitude of the disease worldwide, currently estimated at more than 25 million people suffering from cancer globally, and an estimated 5 million people dying each year from the disease.

*Reference: Research and Markets.com accessed 14th February 2014:
http://www.researchandmarkets.com/reports/335548/chemotherapy_market_insights_20062016_a

SUBSEQUENT EVENTS

On 7th August 2014, PharmAust reported that following the approval to begin a “First in Man” study by the Royal Adelaide Hospital Research Ethics Committee, the Company has recruited, screened and has now commenced treatment of the first patient with its anti-cancer drug PPL-1. The patient had been diagnosed with colorectal cancer with lung and liver metastases.

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 passed 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 full 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”

DIRECTORS' REPORT (Cont.)

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 over 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.

Revenues continue to grow steadily and the 2014 financial year saw record revenues for Epichem of $1.89 million. This is 12% up on last year's revenues of $1.69 million.

With two continuous years of profit, 2014 has seen Epichem reinvest in both its equipment and personnel. With recent acquisitions including an LCMS, HPLC, Flash Chromatography System, Karl Fischer Titrator, and the imminent arrival of new IT infrastructure, Epichem is now properly equipped for the task at hand. The restructuring of management, and in particular the recent relocation of the Head of Production position back to Perth, has had a significant impact on not only the capacity and reliability of Production but also on the robustness of our Quality Systems.

Epichem attended several trade shows during the year including the BIO International Convention in San Diego, USA and in particular made its first independent exhibition at an overseas trade show - Pittcon in Chicago, USA. Pittcon is the world's largest annual premier conference and exposition on laboratory science.

Epichem's sales of analytical standards continues to grow with Thailand and China recently added to its growing list of export markets. Epichem has now exported its products and services to 32 countries worldwide.

Epichem was awarded a 12 month extension to its current contract with Drugs for Neglected Diseases initiative (DNDi) in December 2013. The contract sees Epichem continue to provide synthetic and medicinal chemistry support to DNDi's drug discovery projects until 31 December 2014.

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.

Epichem wins Western Australian Exporter of the Year award in 2013

On 12th October 2013, Epichem won its 4th consecutive WA Export Award, entered the Export Hall of Fame and progressed to the Australian Export Awards Finals.

Sponsored by the Department of Innovation, Industry, Science and Research and the Department of Commerce respectively Epichem was honoured for their achievements in international business by the Western Australian government. This is high level of recognition of Epichem's work from its relatively small but highly effective team.

SUBSEQUENT EVENTS

On 14th July 2014, Epichem received $465k from DNDi (currently Epichem's largest client) as an advanced payment for work yet to completed on its flagship project on Chagas disease. This payment is not included in these financial statements.

PharmAust is pleased to advise that the Australian Taxation Office ("ATO") has recognised the innovation of the Research and Development being developed by wholly owned subsidiary, 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 has subsequently been received by PharmAust and banked.

DIRECTORS' REPORT (Cont.)

CORPORATE

On 1st August 2013, The Company advised that its corporate adviser Peloton Capital had received Firm commitment letters for $2.5m in the capital raising. The raising was heavily oversubscribed with bids totalling $4.6m received.

On 9th August the Company issued 250M shares at 1 cent per share plus 1 free attaching option for every share subscribed for. The securities were issued in accordance with resolution 2 approved by shareholders at the General Meeting on 5 August 2013. Funds raised under the Capital Raising is for the further development of the cancer products of Pitney Pharmaceuticals Pty Ltd and general working capital.

Board Changes

As approved by shareholders on 5 August 2013, Dr Roger Aston and Professor David Morris joined the Board as Executive Chairman and Non-Executive Director respectively. PharmAust shareholders approved the appointment of Mr Robert Bishop as a director of the Company at the Annual General Meeting held on 29 October 2013. The profiles of Dr Aston, Professor Morris and Mr Bishop are set out below in the Information on Directors.

Mr Bryant Mclarty advised the Board that he resigned as a director of the Company, effective from close of business on 12th August 2013 and Mr Henry Gulev retired at the Annual General Meeting held on 29 October 2013. The Company acknowledges Bryant and Henry's significant contribution to PharmAust and wishes them both well in their future endeavours.

SUBSEQUENT EVENTS

Other than what is mentioned above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Dividends

Since the end of the financial year, no dividend has been paid, declared or recommended.

Significant Changes in State of Affairs

A review of events during the reporting period can be found in the review of operations.

Future Developments

In the opinion of the Directors disclosure of information regarding likely developments in the Company's operations and the expected results of those operations in subsequent financial years could prejudice the Company's interests. Accordingly, this information has not been included in this report.

DIRECTORS' REPORT (Cont.)

Information on Directors

Dr Roger Aston – Executive Chairman

Qualifications	BSc (Hons), PH.D
Experience	Dr Aston currently serves as Chief Executive Officer of Pitney. Dr Aston served as Chief Executive Officer of Mayne Pharma Group until 15 February 2012. During his career, he has been closely involved in start-up companies and major pharmaceutical companies. Aspects of his experience include FDA and EU product registration, clinical trials, global licensing agreements, fundraising through private placements, and a network of contacts within the pharmaceutical, banking and stock broking sectors. Dr Aston is both a scientist and seasoned biotechnology entrepreneur, with a successful track record in both fields. Dr Aston holds a B.Sc. (Hons) and Ph.D. degrees from the University of Manchester from 1975 to 1981.
Interests in Shares and Options	Dr Aston holds 104,782,951 Fully Paid Ordinary Shares and 528,634 Listed Options.
Other Current Directorships (ASX Listed Companies)	Calzada Limited (ASX:CZD), Immuron Limited (ASX:IMC), Oncosil Limited (ASX: OSL) and Regeneus Limited (ASX:RGS)
Previous Directorships (last 3 years) ASX Listed Companies	Neurodiscovery Liimited (ASX:NDL), Ascent Pharma Health (ASX: APH), IDT Limited (ASX:IDT); and Mayne Pharma Group Limited (ASX: MYX)

Professor David Morris – Non-Executive Director

Qualifications	MB, ChB, FRCS, MD, PhD, FRACS
Experience	Professor Morris is the Head of the UNSW Department of Surgery, St George Hospital, Sydney. Professor Morris has been Department Head for over 20 years with almost 700 peer review publications. Professor Morris has maintained a basic cancer research laboratory for over 20 years and has a demonstrable successful track record in commercialising outcomes of research. Currently, Professor Morris is an active surgical oncologist concentrating on metastatic diseases of liver, lung and peritoneum.
Interests in Shares and Options	Professor Morris holds 176,678,197 Fully Paid Ordinary Shares and 528,634 Listed Options.
Other Current Directorships (ASX Listed Companies)	Nil
Previous Directorships (last 3 years) ASX Listed Companies	Nil

Mr. Robert C Bishop –Executive Director

Qualifications	Ll.B (Hons), Solicitor (New South Wales and England & Wales)
Experience	Mr Bishop has 30 years' experience in corporate finance and equity capital markets. Having worked extensively in London and Sydney, first as a lawyer at Linklaters & Paines and Allen, Allen & Hemsley; and then as a stockbroker and investment banker at Ord Minnett, Robert Fleming and, since 1998, at his Sydney based corporate finance business, First Capital Markets. He has extensive experience in the areas of stock market flotation's, licensing and compliance work.
Interests in Shares and Options	Mr Bishop, via his company, holds 53,571,824 Fully Paid Ordinary Shares and 1,365,707 Listed Options.
Other Current Directorships (ASX Listed Companies)	Nil
Previous Directorships (last 3 years) ASX Listed Companies	Nil

DIRECTORS' REPORT (Cont.)

Mr. Sam Wright – Non-Executive Director & Company Secretary

Experience	Sam Wright is experienced in the administration of ASX listed companies, corporate governance and corporate finance. He joined the Company as the Financial Controller in September 2006, was appointed as the Company Secretary in August 2007, and was appointed as a Director in October 2008. Mr Wright has over fifteen years' experience in the pharmaceutical, biotech and healthcare industry and is a member of the Australian Institute of Company Directors, the Financial Services Institute of Australasia, and the Chartered Secretaries of Australia. Mr Wright is currently Company Secretary of ASX listed companies, Buxton Resources Limited, Cove Resources Limited and Structural Monitoring Systems plc. Mr Wright also has filled the role of Director and Company Secretary with a number of unlisted companies. He is the Managing Director of Perth-based corporate advisory firm Straight Lines Consultancy, specialising in the provision of corporate services to public companies.
Interests in Shares and Options	Mr Wright holds 5,000,000 ordinary shares and 375,000 listed options in PharmAust Limited.
Other Current Directorships (ASX Listed Companies)	Nil
Previous Directorships (last 3 years) ASX Listed Companies	Buxton Resources Limited (ASX: BUX) and Structural Monitoring Systems plc (ASX: SMN)

DIRECTORS' REPORT (Cont.)

Meetings of Directors

The number of meetings of the Company's directors held during the year ended 30 June 2014, and the number of meetings attended by each director was:

Directors	Meetings of Directors Eligible to Participate	 Number Attended
Dr Roger Aston	7	5
Robert Bishop	7	7
Professor David Morris	7	7
Sam Wright	7	6
Henry Gulev	-	-
Bryant Mclarty	-	-

Indemnification and Insurance of Directors and Officers

During the year, the Company held Directors and Officers Indemnity insurance.

The Company's Constitution provides that except as may be prohibited by Sections 199A and 199B of the Corporations Act every Officer, auditor or agent of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as Officer, auditor or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings whether civil or criminal.

Share Options

The details of unissued ordinary shares under option at the date of this report are as follows:

	Number	**Exercise Price**	**Expiry Date**
Quoted	139,500,000	2 cents	31 August 2015

During the year, no options were exercised. There have been no further options exercised since the end of the financial year to the date of this report.

Environmental Regulation

The Company is subject to a range of environmental regulation. During the year, the Company met all reporting requirements under any relevant legislation. There were no incidents which required reporting.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of these proceedings.

Non-audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and the consolidated entity are important.

Details of the amounts paid or payable to the auditor, RSM Bird Cameron Partners, for non-audit services provided during the year are set out below.

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 because none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

Details of the amount paid or payable to the auditor of PharmAust Limited in relation to the provision on non-audit services are set out below:

	$
Tax compliance services	17,350

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 these financial statements.

DIRECTORS' REPORT (Cont.)

Remuneration Report (Audited)

The remuneration report, which has been audited, outlines the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

This report details the nature and amount of remuneration for each director and executive of PharmAust Limited.

Remuneration Policy
The remuneration of directors and executives of PharmAust Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Company's financial results. The Board of PharmAust Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Company, as well as create goal congruence between directors, executives and shareholders.

All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation whilst some executives receive fringe benefits. The Board reviews executive packages periodically by reference to the Company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The performance of executives is measured against criteria agreed regularly with each executive and is based on factors including the forecast growth of profits and shareholders' value.

The remuneration is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth. The goal of the remuneration structures it to align the remuneration packages of the executives with the Company's performance and specifically the Company's earnings and the consequences of the Company's performance on shareholder wealth including dividends, returns of capital and capital appreciation.

The executive directors and executives receive a superannuation guarantee contribution required by the government and do not receive any other retirement benefits. Individuals, however, have the option to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed. Any shares given to directors and executives will be valued as the difference between the market price of those shares and the amount paid by the director or executive. Any options granted will be valued by an independent expert using the Black-Scholes, Binomial or any other methodologies that the independent expert deems appropriate.

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board (excluding the relevant director) determines payments to the directors and reviews their remuneration regularly, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the Company.

Service agreements:
Remuneration of Dr Roger Aston (Executive Chairman - PharmAust Limited)
Term of the agreement – permanent and no specific term.
Base salary of $260,000 per year plus superannuation of 9.5% (2013:9.25%) of base salary.
Payment of termination benefit on termination by the employer, other than for gross misconduct, is equal to six (6) months base salary and superannuation.

Remuneration of Robert Bishop (Executive Director - PharmAust Limited)
Term of the agreement – permanent and no specific term.
Base salary of $104,000 per year plus superannuation of 9.5%(2013:9.25%) of base salary.
Payment of termination benefit on termination by the employer, other than for gross misconduct, is equal to six (3) months base salary and superannuation.

Remuneration of Professor David Morris (Non-Executive Director – PharmAust Limited)
Directors fee of $60,000 per annum plus superannuation of 9.5%(2013:9.25%).

Remuneration of Sam Wright (Non-Executive director and company secretary – PharmAust Limited)
Term of the agreement – permanent and no specific term.
Consultancy fee of $7,500 plus GST per month, payable in arrears.
Payment of termination benefit on termination by the employer, other than for gross misconduct, is equal to six (6) months consultancy fee.

Remuneration of Bryant Mclarty (Executive Chairman - PharmAust Limited resigned on 12 August 2013)
Term of the agreement – permanent and no specific term.
Base salary of $180,000 per year plus superannuation of 9.25% of base salary.
Payment of termination benefit on termination by the employer, other than for gross misconduct, is equal to nine (9) months base salary and superannuation.

Remuneration of Henry Gulev (Non-Executive Director – PharmAust Limited resigned on 29 October 2013)
Consultancy fee of $30,000 per annum.

DIRECTORS' REPORT (Cont.)

Remuneration Report (Audited)

Remuneration of Wayne Best (Managing Director – Epichem Pty Ltd)
Term of the agreement – permanent with a 3 year term.
Base salary of $137,000 per year plus superannuation of 9.5%(2014:9.25%) of base salary
Payment of termination benefit on termination by the employer, other than for gross misconduct, is equal to three (3) months base salary and superannuation.
Bonus of up to a maximum of $30,000 in the event of the satisfaction of Bonus milestones.

Remuneration of John Horton, and Colette Sims (Directors – Epichem Pty Ltd)
Consultancy fee of $10,000 per annum for John Horton as Chairman and $5,000 per annum for Colette Sims.

Remuneration of Directors and Specified Executives

Names and positions of key management personnel(KMP) in office at any time during the financial year are:

Person	*Position*
Dr Roger Aston	Executive Chairman (appointed on 12 August 2013)
Robert Bishop	Executive Director (appointed on 29 October 2013)
Professor David Morris	Non-Executive Director (appointed on 12 August 2013)
Sam Wright	Non- Executive Director and Company Secretary
Dr Wayne Best	Managing Director – Epichem Pty Ltd
Dr John Horton	Director – Epichem Pty Ltd
Dr Colette Sims	Director – Epichem Pty Ltd
Bryant McLarty	Executive Director and Chairman (resigned on 12 August 2013)
Henry Gulev	Non-Executive Director (resigned on 29 October 2013)

Details of the nature and amount of each element of remuneration of each key management personnel for the financial year are as follows:

2014	**Short-term**		**Post-employment**	**Share based payment**		
	Salary & Fees $	**Other $**	**Superannuation $**	**Options $**	**Termination benefits $**	**Total $**
Directors						
Bryant Mclarty*	-	-	-	-	-	-
Sam Wright	90,000	-	-	-	-	90,000
Henry Gulev**	7,500	-	-	-	-	7,500
Dr Roger Aston	231,667	-	21,429	-	-	253,096
Robert Bishop	69,333	-	6,413	-	-	75,746
Professor David Morris	50,000	-	4,624	-	-	54,624
Executives						
Dr Wayne Best	137,000	-	12,673	-	-	149,673
Dr John Horton	10,000	-	-	-	-	10,000
Dr Colette Sims	5,000	-	-	-	-	5,000
	600,500	-	45,139	-	-	645,639

*Resigned on 12 August 2013.
**Resigned on 29 October 2013.

2013	**Short-term**		**Post-employment**	**Share based payment**		
	Salary & Fees $	**Other $**	**Superannuation $**	**Options $**	**Termination benefits $**	**Total $**
Directors						
Bryant Mclarty**	75,000	-	-	-	135,000	210,000
Sam Wright	90,000	-	-	-	-	90,000
Henry Gulev***	30,000	-	-	-	-	30,000
Greg Cunnold*	10,000	-	-	-	-	10,000
Executives						
Dr Wayne Best	137,000	-	12,330	-	-	149,330
Dr John Horton	10,000	-	-	-	-	10,000
Dr Colette Sims	5,000	-	-	-	-	5,000
	357,000	-	12,330	-	135,000	504,330

*Resigned on 7 November 2012.
**Resigned on 12 August 2013.
***Resigned on 29 October 2013.

DIRECTORS' REPORT (Cont.)

Remuneration Report (Audited)

Option holding
The number options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

2014 - Number	Balance 1 July 2013	Granted as Compen-sation	Options Exercised	Net Change Other*	Balance 30 June 14	Total Vested	Total Exercisable	Total Unexercisable
	No.	No.	No.	No.	No.	No.	No.	No.
Sam Wright	-	-	-	375,000	375,000	375,000	375,000	-
Roger Aston	-	-	-	528,634	528,634	528,634	528,634	-
Robert Bishop	-	-	-	1,365,707	1,365,707	1,365,707	1,365,707	-
David Morris	-	-	-	528,634	528,634	528,634	528,634	-

*The net change other column above includes those options that have been disposed or acquired by holders during the year.
No other key management personnel held options in the Company.

Shareholding
The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

2014– Number	Balance 1 July 2013	Received as Compensation	At date of appointment and/or resignation	Net Change Other**	Balance 30 June 2014
	No.	No.	No.	No.	No.
Sam Wright	3,420,000	-	-	1,580,000	5,000,000
John Horton	25,000	-	-	-	25,000
Roger Aston	-	-	-	104,782,951	104,782,951
Robert Bishop	-	-	-	53,571,824	53,571,824
David Morris	-	-	-	176,678,197	176,678,197
Bryant McLarty*		25,991,196	-	(25,991,196)	-
Wayne Best	2,374,290	-	-	-	2,374,290

* Resigned on 12 August 2013
**The net change other column above includes those shares that have been disposed or acquired by holders during the year.

Share-based compensation
Issue of shares
There were no shares issued to directors and other KMP as part of compensation during the year ended 30 June 2014.

Option
There were no options over ordinary shares granted to or vested by directors and other KMP as part of compensation during the year ended 30 June 2014.

	CONSOLIDATED 2014 $	2013 $
Transactions with related parties:		
Aggregate amounts of each type of transaction with directors other than directors fees are as follows:		
Re-imbursement of rental and variable outgoings expenses for the Company's principal place of business – Bryant Mclarty	12,000	48,000
Amount payable to related parties:		
Trade and other payables	-	72,500

Transactions between related parties are on normal commercial terms and conditions which are no more favourable than those available to other parties. There were no related party transactions other than those transactions identified above and key management personnel remuneration.

This concludes the remuneration report, which has been audited.

DIRECTORS' REPORT (Cont.)

Options granted as part of remuneration

There were no options issued as part of remuneration for the year ended 30 June 2014 and 30 June 2013.

No options expired during the year.

Shares Issued on Exercise of Compensation Options

No options were exercised last financial year, this financial year or since.

Signed in accordance with the Board of Directors.

Dr ROGER ASTON
Executive Chairman

Signed at Perth, Western Australia this 27th day of August 2014

Annual Report Disclosure on Corporate Governance

PharmAust Limited is a drug discovery and development company. The Company has established, and continues to refine and improve procedures to ensure a culture of good corporate governance exists and is respected across the consolidated entity.

Foundations for Management and Oversight - Board of Directors/Executive Management

The Board consists of Executive Chairman Dr Roger Aston, Non-Executive Director Professor David Morris, Non-Executive Director Sam Wright and Executive Director Robert Bishop. The Company's Constitution requires that one third of the members of the Board retire by rotation each year but are eligible for re-election. Any new director appointed holds office only until the next general meeting and is then eligible for re-election.

The Board will ensure that any such person to be appointed as a director possesses an appropriate level of qualifications, expertise and experience. Due to its size, the full Board fulfils the duties of a Nomination Committee governed by the Nomination Committee Charter.

The Board's primary role is the optimisation of Company performance and protection and enhancement of shareholder value. Due care is taken to ensure the directors are aware of their responsibilities, obligations and corporate expectations as directors of PharmAust Limited.

The Board has reserved the following matters;

- oversight of the company, including its control and accountability systems;
- appointing and removing the chief executive officer (or equivalent);
- ratifying the appointment and, where appropriate, the removal of the chief financial officer (or equivalent) and the company secretary;
- input into and final approval of management's development of corporate strategy and performance objectives;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, and legal compliance;
- monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures; and
- approving and monitoring financial and other reporting.

Board Structure

The Board of Directors comprises two Executive Directors, Dr Roger Aston (Executive Chairman) and Mr Robert Bishop, and two Non-Executive Directors, Professor David Morris, and Mr Sam Wright. Mr Wright is considered by the Board of Directors as independent for the purposes of the Australian Stock Exchange Corporate Governance Council "Principles of Good Corporate Governance and Best Practice Recommendations".

As an independent director, if Mr Wright considers it necessary he can take independent professional advice at the Company's expense.

The Policy on the selection and appointment of new directors was formalised and has been adopted by the Board and is displayed on the Company's website. The period in office of each director is discussed in the Directors Report within this annual report.

Promote Ethical and Reasonable Decision Making

The Company has adopted the appropriate codes of conduct in accordance with the recommendations of ASX Corporate Governance Council.

Ethical Standards

PharmAust Limited is committed to the highest standards of ethical business conduct. As part of that commitment, PharmAust Limited has established a Code of Conduct to guide executives, management and staff in carrying out their duties and responsibilities and guide directors and executives as to the practices necessary to maintain confidence in the Company's integrity, and the responsibilities and accountability of individuals for reporting and investigating reports of unethical practices. The Code is subject to ongoing review to ensure that PharmAust Limited's standards of behaviour and corporate culture reflect best practice in corporate governance. The Code is based on the key principles identified by the Australian Institute of Company Directors.

In addition, the Board has guidelines dealing with disclosure of interests by directors in participating and voting at Board meetings where any such interests are discussed. In accordance with the Corporations Act, any director with a material personal interest in a matter being considered by the Board must not be present when the matter is being considered, and may not vote on the matter.

The Board has adopted a policy to guide directors, officers and employees with regard to trading in the Company's securities. A formal policy has been adopted designed to ensure compliance with the provisions of the Corporations Act by executive staff who may be in possession of sensitive information concerning the Company's affairs.

Annual Report Disclosure on Corporate Governance (Cont.)

Disclosure

The Company has a written policy designed to ensure compliance with ASX Listing Rules and all other regulatory requirements for disclosures. Additionally the Company has adopted a policy designed to ensure procedures to implement the policy are suitable and effective.

Identification and Management of Risk

The Board has adopted a formal Risk Management Strategy which along with the Board's collective experience should assist in enabling accurate identification of the principal risks which may affect the Company's business. Identifying key operational risks and their management are recurring items for deliberation at Board meetings.

The Company's operational team is responsible for mitigation and management of all risks in relation to the Company's operations.

Enhance Performance - Remuneration Fairly & Responsibly

The essence of the Company's current remuneration practices is to competitively set remuneration, including incentives to executive directors and senior management, to motivate key executives to pursue the long term growth and success of the Company within an appropriate control framework and to demonstrate a clear relationship between corporate and key executive performance and remuneration.

Further details of directors' remuneration during the financial year are set out in the Company's Financial Report and Remuneration Report.

The full Board acting to fulfil the duties of the remuneration committee sets, in accordance with the Remuneration Policy, the terms and conditions for the chief executive officer and other senior executives. The full Board reviews executive packages regularly by reference to company performance, executive performance, and comparable information from industry sectors, other listed companies and independent advice. The policy is designed to attract the highest calibre executives and reward them for performance which results in long-term growth in shareholder value.

Executives, other than directors, are also entitled to participate in the employee share and option arrangements.

Non-executive directors are paid by means of fees only and do not participate in schemes designed for remuneration of executives. Non-executive directors do not receive options or bonus payments and are not provided with retirement benefits other than statutory superannuation.

The amount of remuneration for all key management personnel, including all monetary and non-monetary components, is detailed in the financial report. All remuneration paid to executives is valued at the cost to the Company and expensed.

The payment of bonuses, share options and other incentive payments are reviewed by the Board as part of the review of executive remuneration.

Interests of Stakeholders

The formal Code of Conduct designed to promote ethical and responsible decision making sets the framework for dealing with all stakeholders in the Company. It is designed to ensure that directors have regard for the interests of all stakeholders of the Company.

Explanation for Departure from ASX Best Practice Recommendations

The Company has complied with each of the Ten Essential Corporate Governance principles and the corresponding Best Practice Recommendations as published by ASX Corporate Governance Council ("ASX Principles and Recommendations"), other than in relation to the matters specified on the following page.

The Board sets out below its "if not why not" report in relation to those matters of corporate governance where the Company's practices depart from the Recommendations

Annual Report Disclosure on Corporate Governance (Cont.)

Recommendation		PharmAust Limited current practice
1.1	Companies should establish the functions reserved for the board and those delegated to senior executives and disclose those functions.	Satisfied. Board Charter is available at www.pharmaust.com in the Corporate Governance Statement.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Satisfied. Board Performance Evaluation Policy is available at www.pharmaust.com in the Corporate Governance Statement.
1.3	Companies should provide the information indicated in the *Guide to reporting on Principle 1*.	The Company is not aware of any departure from Recommendations 1.1 or 1.2. Performance evaluations for senior executives have taken place in the reporting period in accordance with the process disclosed. The specific responsibility of the Board is available at www.pharmaust.com in the Corporate Governance Statement.
2.1	A majority of the board should be independent directors.	Satisfied.
2.2	The chair should be an independent director.	Not Satisfied. Given the size and nature of the Company, Dr Aston is considered the most appropriate Director to act as Chairman.
2.3	The roles of chair and Chief Executive Officer should not be exercised by the same individual.	Not Satisfied. Given the size and nature of the Company, Dr Aston is considered the most appropriate Director to act as Chairman and fulfil the functions of Chief Executive Officer in his capacity as Executive Chairman.
2.4	The board should establish a nomination committee.	Not satisfied. The Board consider that given the current size of the Board (4), this function is efficiently achieved with full Board participation. Accordingly, the Board has not established a nomination committee.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Satisfied. Board Performance Evaluation Policy is available at www.pharmaust.com in the Corporate Governance Statement.
2.6	Companies should provide the information indicated in the *Guide to reporting on Principle 2*.	A description of the skills and experience of each of the current Directors is contained in the Director's report. Given the current size and structure of the Board, the Company has not fully complied with the Principle 2 of the ASX Principles. However, it will seek to do so as it develops and the Board grows. To facilitate independent decision making, the Board and any committees it convenes from time to time may seek advice from independent experts whenever it is considered appropriate. With the consent of the Chairperson, individual directors may seek independent professional advice, at the expense of the Company, on any matter connected with the discharge of their responsibilities. The policy for the appointment of new directors is set out on the Corporate Governance Statement on the Company's website.
3.1	Companies should disclose a code of conduct and	Satisfied.

	disclose the code or a summary of the code as to: ▪ The practices necessary to maintain confidence in the company's integrity ▪ The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders ▪ The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	The Code of conduct is available at www.pharmaust.com in the Corporate Governance Statement.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measureable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	The Company is currently not in compliance with this recommendation. The Company does not currently have a separate policy specifically addressing achieving diversity. Due to the current size of the Board and expected workforce, the Board does not consider it necessary to have a gender diversity policy, but will consider adopting a policy in the future. The Company has adopted a code of conduct, which provides a framework for undertaking ethical conduct in employment. Under the corporate code of conduct, the Company will not tolerate any form of discrimination or harassment in the workplace.
3.3	Companies should disclose in each annual report the measureable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	The Company has not yet set the measurable objectives however these will be considered by the Board and disclosed in the annual report. In addition, the Board will review progress against any objectives identified on an annual basis.
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	As at the date of this report, the Company's workforce profile includes: **Level** — **Male** — **Female** Directors — 4 — 0 Senior Executives — 0 — 0 Employees — 0 — 0 **Total** — **4** — **0**
3.5	Companies should provide the information indicated in the *Guide to reporting on Principle 3.*	The Company's diversity policy does not include any measurable objectives, if any, set by the Board; • progress against those objectives; and • the proportion of women employees in the whole organisation, at senior management level and at Board level.
4.1	The board should establish an audit committee.	Not satisfied. The Board consider that given the current size of the Board (4), this function is efficiently achieved with full Board participation. Accordingly, the Board has not established an audit committee.
4.2	The board committee should be structured so that it: ▪ Consists only of non-executive directors ▪ Consists of a majority of independent directors ▪ Is chaired by an independent chair, who is not chair of the board ▪ Has at least three members	Not satisfied. The Company has adopted a policy which includes Executive Directors as audit committee members.
4.3	The audit committee should have a formal charter.	Satisfied. Audit Committee charter is available at www.pharmaust.com in the Corporate Governance statement.
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	When the Company has grown to a sufficient size to warrant it, the Board will establish an audit and risk committee to assist the Board in monitoring and reviewing any matters of significance affecting financial reporting and compliance.
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure	Satisfied.

	requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	Continuous disclosure policy is available at www.pharmaust.com in the Corporate Governance statement.
5.2	Companies should provide the information indicated in *Guide to reporting on Principle 5.*	The Company is not aware of any departure from Recommendations 5.1 or 5.2. A summary of the Company's policy on Continuous Disclosure is publicly available on the Company's website.
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of their policy.	Satisfied. Shareholders communication strategy is available at www.pharmaust.com in the Corporate Governance statement.
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	The Shareholder Communication Policy is publicly available on the Company's website.
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Satisfied. Risk management program is available at www.pharmaust.com in the Corporate Governance statement.
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Satisfied. The Board, including the Executive Chairman, routinely consider risk management matters.
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Satisfied. The Board has received a section 295A declaration pursuant to the 2013 financial period.
7.4	Companies should provide the information indicated in *Guide to reporting on Principle 7.*	The Company is not aware of any departure from Recommendations 7.1, 7.2 or 7.3 although notes it is continuing to develop and refine its risk management and internal control processes.
8.1	The board should establish a remuneration committee.	Not Satisfied. The Board consider that given the current size of the Board, this function is efficiently achieved with full Board participation. Accordingly, the Board has not established a remuneration committee.
8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	The structure of Directors' remuneration is disclosed in the remuneration report of the annual report.
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	The Board will distinguish the structure of non-executive director's remuneration from that of executive directors and senior executives. The Company's Constitution also provides that the remuneration of non-executive Directors will not be more than the aggregate fixed sum determined by shareholders in general meeting.
8.4	Companies should provide the information indicated in the *Guide to reporting on Principle 8.*	When the Company has grown to a sufficient size to warrant it, the Board will establish a remuneration committee for the purposes of reviewing and approving the executive remuneration policy. As at the date of this statement, there are no schemes for retirement benefits for non-executive Directors.

The Board wishes to acknowledge that nothing has come to its attention that would lead it to conclude that its current practices and procedures are not appropriate for an organisation of the size and maturity of the Company. Further information about the Company's corporate governance practices is set out on the Company's web site at www.pharmaust.com

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PHARMAUST LIMITED

Report on the Financial Report

We have audited the accompanying financial report of PharmAust Limited, which comprises the statement of financial position as at 30 June 2014, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, 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 year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards.*

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

RSM Bird Cameron Partners

Independence

In conducting our audit, 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.

Opinion

In our opinion:

(a) the financial report of PharmAust Limited is in accordance with the *Corporations Act 2001*, including:

 (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

 (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report contained within the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of PharmAust Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

David Wall

Perth, WA
Dated: 27 August 2014

DAVID WALL
Partner

RSM Bird Cameron Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of PharmAust Limited for the year ended 30 June 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 audit; and

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

RSM Bird Cameron Partners.

RSM BIRD CAMERON PARTNERS

DAVID WALL
Partner

Perth, WA
Dated: 27 August 2014

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of PharmAust Limited, I state that:

1. In the opinion of the directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the consolidated entity as at 30 June 2014 and of its performance, for the year ended on that date; and

(ii) complying with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(c) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1;

2. This declaration has been made after receiving the declarations required to be made by the directors in accordance with sections of 295A of the Corporations Act 2001 for the financial year ending 30 June 2014.

On behalf of the Board

Dr ROGER ASTON
Executive Chairman

Signed at Perth, Western Australia this 27th day of August 2014

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2014

	NOTE	CONSOLIDATED 2014 $	2013 $
Revenue	2	1,880,793	1,616,569
Other income	2	126,293	104,318
		2,007,086	1,720,887
Raw materials and consumables used		(222,672)	(220,692)
Employee benefits expense		(1,724,836)	(1,453,592)
Depreciation expense		(53,365)	(48,708)
Finance costs		(2,666)	(33,589)
Research and development expenses		(211,642)	-
Administration expenses		(1,108,657)	(599,123)
Other expenses		(1,101)	(4,350)
Loss before income tax expense		(1,317,853)	(639,167)
Income tax expense	3a	-	-
(Loss) from continuing operations		(1,317,853)	(639,167)
Profit from discontinued operation after tax		-	124,284
Loss for the year		(1,317,853)	(514,883)
Other comprehensive income		-	-
Total comprehensive income for the year		-	-
Total comprehensive loss for the year		**(1,317,853)**	**(514,883)**
Basic and diluted loss per share (cents per share)	16	(0.1)	(0.09)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 30 June 2014

	NOTE	CONSOLIDATED 2014 $	2013 $
CURRENT ASSETS			
Cash and cash equivalents	4	2,304,323	362,874
Trade and other receivables	5a	98,246	50,652
Other current assets	6	42,513	26,132
Financial assets	7	7,000	2,050
TOTAL CURRENT ASSETS		2,452,082	441,708
NON-CURRENT ASSETS			
Intangible assets	8	5,179,128	-
Plant and equipment	9	578,423	463,713
TOTAL NON-CURRENT ASSETS		5,757,551	463,713
TOTAL ASSETS		8,209,633	905,421
CURRENT LIABILITIES			
Trade and other payables	10	230,436	420,351
Borrowings	11	31,596	-
Provisions	12	143,949	84,063
TOTAL CURRENT LIABILITIES		405,981	504,414
NON-CURRENT LIABILITIES			
Borrowings	11	39,495	-
Provisions	12	-	90,130
TOTAL NON-CURRENT LIABILITIES		39,495	90,130
TOTAL LIABILITIES		445,476	594,544
NET ASSETS		**7.764,157**	**310,877**
EQUITY			
Issued capital	13	41,393,484	32,941,890
Reserves	14	941,629	622,090
Accumulated losses		(34,570,956)	(33,253,103)
TOTAL EQUITY		**7,764,157**	**310,877**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2014

	Issued Capital $	Accumulated Losses $	Options Reserve $	Total Equity $
As at 1 July 2012	**33,328,890**	**(32,738,220)**	**622,090**	**1,212,760**
Loss for the year	-	(514,883)	-	(514,883)
Total comprehensive loss for the year	-	(514,883)	-	(514,883)
Return of capital	(1,650,000)	-	-	(1,650,000)
Shares issued (net)	1,263,000	-	-	1,263,000
As at 30 June 2013	**32,941,890**	**(33,253,103)**	**622,090**	**310,877**
As at 1 July 2013	**32,941,890**	**(33,253,103)**	**622,090**	**310,877**
Loss for the year	-	**(1,317,853)**	-	**(1,317,853)**
Total comprehensive loss for the year				
Shares issued (net)	8,451,594	-	-	8,451,594
Options issued	-	-	319,539	319,539
As at 30 June 2014	**41,393,484**	**(34,570,956)**	**941,629**	**7,764,157**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
For the year ended 30 June 2014

		Consolidated	
	Note	2014 $	2013 $
Cash Flows From Operating Activities			
Receipts from customers		1,895,138	1,862,549
Payments to suppliers and employees		(3,548,524)	(2,204,073)
Other income		-	25,489
Interest received		67,697	10,632
Interest and other costs of finance		(2,666)	(57)
Net cash used in operating activities	20b	(1,588,355)	(305,460)
Cash Flows From Investing Activities			
Exploration and evaluation expenditure		-	(69,867)
Payments for plant and equipment		(73,304)	(11,496)
Disposal of subsidiary, net of cash received	20c	-	94,150
Acquisition of subsidiary, net of cash received	20d	372,711	-
Net cash provided by / (used in) investing activities		299,407	12,787
Cash Flows From Financing Activities			
Proceeds from share and option issues (net)		3,254,094	1,128,000
Repayment of borrowing		(23,697)	(595,358)
Net cash provided by financing activities		3,230,397	532,642
Net increase in cash held		1,941,449	239,969
Cash at the beginning of the financial year		362,874	122,905
Cash at the end of the financial year	20a	2,304,323	362,874

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2014

These consolidated financial statements and notes represent those of PharmAust Limited and its Controlled Entities (the "consolidated entity" or "group").

The separate financial statements of the parent entity, PharmAust Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

1 SIGNIFICANT ACCOUNTING POLICIES

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial report was authorised for issue on 27 August 2014 by the Directors of the Company.

(a) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the PharmAust Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by PharmAust Limited at the end of the reporting period. A controlled entity is any entity over which PharmAust Limited has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and statements showing profit or loss and other comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2014

1 SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(a) Principles of Consolidation (Cont.)

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.
All transaction costs incurred in relation to business combinations are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

(b) Income Tax
The income tax expense/(income) for the year comprises current income tax expense/(income) and deferred tax expense/(income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense/(income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(c) Plant and Equipment
Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2014

1 SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(d) Plant and Equipment(Cont.)

Depreciation

The depreciable amount of all plant and is depreciated on a straight line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	*Depreciation Rate*
Plant and equipment	2.5-33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(d) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset – but not the legal ownership – are transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

(e) Financial Instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2014

1 SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(e) Financial Instruments (Cont.)

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii) Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(iii) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.
In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2014

1 SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(f) Foreign Currency Transactions and Balances
The functional currency of each of the entities in the consolidated entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

(g) Impairment of Assets
At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

(h) Investments in Associates
Investments in associate companies are recognised in the financial statements by applying the equity method of accounting.

(i) Employee Benefits

Short-term employee benefits
Provision is made for the group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The group's obligations for short-term employee benefits such as wages and salaries are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits
Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2014

1 SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(j) Provisions

Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(k) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

(l) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

(m) Revenue

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred, it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest method.

All revenue is stated net of the amount of goods and services tax.

(n) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(o) Equity-settled compensation

The Group operates an employee share and option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

(p) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the Company, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(r) Borrowing Costs
Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(s) Intangibles Assets

Intellectual property rights- three oncology technology platforms
Intellectual property rights are recognised at cost of acquisition less accumulated amortisation and any impairment losses. For intellectual property rights not yet in use, they are tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired, and are carried at cost less accumulated impairment losses.

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project is expected to deliver future economic benefits and these benefits can be measured reliably.

Intangible assets have a finite useful life and are amortised on a systematic basis based on the future economic benefits over the useful life of the project following commercialisation of the assets.

(t) Fair Value of Assets and Liabilities
The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(u) Comparative Figures
When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(v) Changes in accounting policies and disclosures

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period.

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

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 10 Consolidated Financial Statements
The consolidated entity has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The consolidated entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13
The consolidated entity has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)
The consolidated entity has applied AASB 119 and its consequential amendments from 1 July 2013. The standard eliminates the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The standard also changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments
The consolidated entity has applied AASB 2012-10 amendments from 1 July 2013, which amends AASB 10 and related standards for the transition guidance relevant to the initial application of those standards. The amendments clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement
The consolidated entity has applied 2011-4 from 1 July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No.1) now specify the KMP disclosure requirements to be included within the directors' report.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(w) Critical Accounting Estimates and Judgements

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Equally, the Group continually employs judgement in the application of its accounting policies.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions. Those which may materially affect the carrying amounts of assets and liabilities reported in future periods are discussed below.

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2014

		Consolidated 2014 $	Consolidated 2013 $
2	REVENUE		
	Sales	1,880,793	1,616,569
	OTHER INCOME		
	Interest received	67,696	10,632
	Other revenue	58,597	93,686
		126,293	104,318
3	INCOME TAX EXPENSE		
3a	No income tax is payable as a tax loss has been incurred for income tax purposes.		
	Loss before income tax	(1,317,853)	(514,883)
	Prima facie tax benefit at 30% (2013:30%)	(395,355)	(154,465)
	Tax effect of:		
	- Other non-allowable items	119,867	36,921
	- Deferred tax asset not brought to account	275,488	117,544
		-	-

3b Deferred tax asset

The potential deferred tax assets have not been recognised in the statement of financial position because their recovery is not considered probable.

	2014 $	2013 $
- Tax losses at 30% tax rate (not recognised)	6,265,615	5,988,470

PharmAust Limited and its wholly-owned Australian subsidiary have formed an income tax consolidated group under the Tax Consolidation Regime. PharmAust Limited is responsible for recognising the current and deferred tax assets and liabilities for the tax consolidated group. The tax consolidated group has entered a tax sharing agreement whereby each company in the consolidated entity contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

4 CASH AND CASH EQUIVALENTS

	2014 $	2013 $
Cash at bank	2,304,323	362,874

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2014

	CONSOLIDATED 2014 $	CONSOLIDATED 2013 $

5 TRADE AND OTHER RECEIVABLES

5a CURRENT

	2014 $	2013 $
Trade receivables	104,061	50,652
Less: provision for doubtful debts	(5,815)	-
	98,246	50,652

Trade receivables: Payment terms are 30 days from the date of recognition.

5b Provision for impairment of receivables

Current trade and term receivables are non-interest bearing and generally on 30-day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired. The provision for the impairment of receivables provided during the year is $5,815 (2013: Nil).

5c Past due but not impaired

As of 30 June 2014, trade receivables of $36,768 (2013:$22,410) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2014 $	2013 $
31 to 60 days	36,519	15,812
61 days and above	249	6,598
	36,768	22,410

Based on the credit history of these other classes, it is expected that these amounts will be received when due. The Group does not hold any collateral in relation to these receivables.

5d Fair value and credit risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 5. The class of assets described as "trade and other receivables" is considered to be the main source of credit risk related to the Group.

6 OTHER CURRENT ASSETS

	2014 $	2013 $
GST receivables	5,315	22,132
Bond	1,575	-
Prepayments	35,623	4,000
	42,513	26,132

7 FINANCIAL ASSETS

	2014 $	2013 $
Financial assets held for trading		
Shares in listed securities - fair value	7,000	2,050

7a Movements in Carrying Amounts

	2014 $	2013 $
Carrying amount at beginning of the year	2,050	6,400
Disposals	-	-
Movement in fair value	4,950	(4,350)
Carrying amount at end of the year	7,000	2,050

Refer to Note 18 for further information on fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2014

	Consolidated 2014 $	2013 $
8. Intangible Assets		
Intellectual property rights – at cost	5,179,128	-
Amortisation	-	
Accumulated impairment losses	-	-
	5,179,128	-
Movements in Carrying Amounts:		
Balance at the beginning of the year	-	-
Addition	5,179,128	-
Balance at the end of the year	5,179,128	-
9 PLANT AND EQUIPMENT		
Cost	1,126,304	987,078
Accumulated depreciation	(547,881)	(523,365)
	578,423	463,713
Movements in Carrying Amounts:		
Carrying amount at beginning of the year	463,713	500,924
Additions	168,075	11,452
Depreciation expense	(53,365)	(48,663)
Carrying amount at end of the year	578,423	463,713
10 TRADE AND OTHER PAYABLES		
Trade creditors and accruals	230,436	420,351

Payment terms are 30 days from receipt of goods and/or services rendered.

	2014 $	2013 $
11 BORROWINGS		
SHORT TERM		
Lease liability*	31,596	-
LONG TERM		
Lease Liability*	39,495	-

Terms and conditions:

*The finance lease liability is secured. Interest is charged at is 8.5%p.a.

	2014 $	2013 $
12 PROVISIONS		
CURRENT		
Employee entitlements	143,949	84,063
NON CURRENT		
Employee entitlements	-	90,130

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

The following amounts reflect leave that is not expected to be taken within the next 12 months:

	2014 $	2013 $
Employee benefits obligation expected to be settled after 12 months	71,975	42,031

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2014

	Consolidated 2014 $	Consolidated 2013 $
13 ISSUED CAPITAL		
Issued and paid up ordinary shares	41,393,484	32,941,890

13a Movement in fully paid ordinary shares

	2014	2013	2014	2013
Ordinary Shares	**Number of shares**		**$**	**$**
At 1 July	617,506,606	482,506,606	32,941,890	33,328,890
Return of capital	-	-	-	(1,650,000)
Share base payment	-	15,000,000	-	135,000
Share issued as consideration of acquisition of subsidiary	472,500,000	-	5,197,500	-
Share placement (net)- for cash	350,000,000	120,000,000	3,254,094	1,128,000
At 30 June	1,440,006,606	617,506,606	41,393,484	32,941,890

13b Terms and Conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

In the event of winding up the Company, ordinary shares rank after all other shareholders and creditors and are fully entitled to any proceeds from liquidation.

Ordinary shares issued as a result of the exercise of options, will rank equally and on the same terms and conditions as all other shareholders.

13c Share options

At 30 June 2014, there were 139,500,000 unissued ordinary shares under options (2013: nil options).

13d Capital Management

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing its financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. The gearing ratios for the year ended 30 June 14 and 30 June 2013 are as follows:

	Note	2014 $	2013 $
Total borrowings	10,11	301,527	420,351
Less cash and cash equivalents		(2,304,323)	(362,874)
Net debt		(2,002,796)	57,477
Total equity		7,764,157	310,877
Total capital		5,761,361	368,354
Gearing ratio		-	16%

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2014

	CONSOLIDATED 2014 $	2013 $
14 RESERVES		
Options reserve	941,629	622,090

Movement in options issued as follow:

	2014	Weighted Average Exercise Price $
At 1 July	-	-
Capital raising- free attached options	87,500,000	0.02
Share base payment- acquisition of subsidiary	50,000,000	0.02
Share base payment- supplier	2,000,000	0.02
At 30 June	139,500,000	0.02

All the options are exercisable as at 30 June 2014.

As at the date of exercise, the weighted average share price of options exercised during the year was $0.02.

The weighted average remaining contractual life of options outstanding at year-end was 1.16 years. The exercise price of outstanding shares at the end of the reporting period was $0.02.

There are no options outstanding at 30 June 2013.

15 RELATED PARTY TRANSACTIONS

	2014 $	2013 $
Aggregate amounts of each type of transaction with directors other than directors fees are as follows: Re-imbursement of rental and variable outgoings expenses for the Company's principal place of business – Bryant Mclarty	12,000	48,000
Amount payable to related parties: Trade and other payables	-	72,500

Transactions between related parties are on normal commercial terms and conditions which are no more favourable than those available to other parties. There were no related party transactions other than those transactions identified above and key management personnel remuneration.

16 EARNINGS PER SHARE

	2014	2013
Net loss attributable to members of the Company	1,317,853	514,883
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic earnings per share.	1,332,236,058	542,328,524

16a Basic Earnings per Share

Basic earnings per share is determined by dividing the loss after income tax attributable to members of the Company by the weighted average number of ordinary shares outstanding during the financial period, adjusted for any bonus elements in ordinary shares issued during the year.

16b Diluted Earnings per Share

Diluted earnings per share is the same as basic earnings per share as there were no options on issue which would be potential ordinary shares.

17 AUDITOR'S REMUNERATION

	2014	2013
Remuneration of RSM Bird Cameron Partners as auditor for:		
- auditing or reviewing the financial report	59,000	45,000
- taxation services	17,350	19,060
	76,350	64,060

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2014

18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries, borrowings and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	Consolidated 2014 $	Consolidated 2013 $
Financial assets			
Cash and cash equivalents	4	2,304,323	362,874
Financial assets at fair value through profit or loss:			
– held for trading	7	7,000	2,050
Loans and receivables (excluding GST)	5a,6	135,444	54,652
Total financial assets		2,446,767	419,576
Financial liabilities			
Financial liabilities at amortised cost:			
– trade and other payables	10	230,436	420,351
– borrowings	11	71,091	-
Total financial liabilities		301,527	420,351

Specific Financial Risk Exposures and Management

The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk and foreign exchange risk. Other minor risks are either summarised below or disclosed at Note 5 in the case of credit risk and Note 13 in the case of capital risk management. The Board reviews and agrees policies for managing each of these risks.

Cash Flow Interest Rate Risk

The Group's exposure to the risks of changes in market interest rates relates primarily to the Group's short-term deposits with a floating interest rate. These financial assets with variable rates expose the Group to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The Group does not engage in any hedging or derivative transactions to manage interest rate risk.

The following tables set out the carrying amount by maturity of the Group's exposure to interest rate risk and the effective weighted average interest rate for each class of these financial instruments.

The Group has not entered into any hedging activities to cover interest rate risk. In regard to its interest rate risk, the Group does not have a formal policy in place to mitigate such risks.

2014

	Weighted Average Interest Rate	Floating Interest Rate $	Fixed Interest Rate Within 1 Year $	Fixed Interest Rate Within 1-5 Years $	Non-Interest Bearing $	Total $
Financial Assets						
Cash and cash equivalents	2.9%	2,304,323	-	-	-	2,304,323
Trade and other receivables	-	-	-	-	135,444	135,444
Other financial assets	-	-	-	-	7,000	7,000
Total financial assets		2,304,323	-	-	142,444	2,446,767
Financial liabilities						
Trade and other payables	-	-	-	-	(230,437)	(230,437)
Borrowings	11.25%	-	(31,596)	(39,495)	-	(71,091)
Total financial liabilities		-	(31,596)	(39,495)	(230,437)	(301,528)
Net Financial Assets/(Liabilities)		2,304,323	(31,596)	(39,495)	(87,993)	2,145,239

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2014

18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont.)

Cash Flow Interest Rate Risk (Cont.)

2013

	Weighted Average Interest Rate	Floating Interest Rate $	Fixed Interest Rate Within 1 Year $	Fixed Interest Rate Within 1-5 Years $	Non-Interest Bearing $	Total $
Financial Assets						
Cash and cash equivalents	3.5%	362,874	-	-	-	362,874
Trade and other receivables	-	-	-	-	54,652	54,652
Other financial assets	-	-	-	-	2,050	2,050
Total financial assets		362,874	-	-	56,702	419,576
Financial liabilities						
Trade and other payables	-	-	-	-	(420,351)	(420,351)
Total financial liabilities		-	-	-	(420,351)	(420,351)
Net Financial Assets/(Liabilities)		362,874	-	-	(363,649)	(775)

Interest rate sensitivity analysis

At 30 June 2014, if interest rates had changed by 100 basis points during the entire year with all other variables held constant, profit for the year and equity would have been $23,043 (2013:$ 3,628) lower/higher, mainly as a result of lower/higher interest income from cash and cash equivalents.

Based on the sensitivity analysis only interest revenue from variable rate deposits and cash balances are impacted resulting in a decrease or increase in overall income.

Liquidity risk

The Group manages liquidity risk by maintaining sufficient cash reserves and marketable securities and through the continuous monitoring of budgeted and actual cash flows.

	CONSOLIDATED 2014 $	2013 $
Contracted maturities		
Payables		
- within 1 year	230,436	420,351
Borrowings		
- within 1 year	31,596	-

Price risk

The Group is not exposed to price risk.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2014

18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont.)

Foreign exchange risk

The Group is exposed to foreign exchange rate arising from various currency exposures. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency.

The Group's exposure to foreign currency risk at the reporting date was as follows:

	2014			2013		
	USD $	EUR $	GBP $	USD $	EUR $	GBP $
Trade receivables	21,986	3,422	2,040	5	11,112	833
Trade payables	2,950	14,243	-	12,085	-	-

Foreign currency risk sensitivity analysis

At 30 June, the effect on profit and equity as a result of changes in the value of the Australian Dollar to the foreign currencies, with all other variables remaining constant is as follows:

	2014 Change in profit and equity with a +/- 10% in AUD to			2013 Change in profit and equity with a +/- 10% in AUD to		
	USD $	EUR $	GBP $	NZD $	EUR $	GBP $
Trade receivables	(1,231)	(1,057)	(910)	(0.25)	(2,961)	(311)
Trade payables	(165)	(4,398)	-	(551)	-	-

Net fair values

For assets and other liabilities the net fair value approximates their carrying value. The Group has no financial assets where the carrying amount exceeds net fair values at reporting date.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of comprehensive income and in the notes to the financial statements.

Financial instruments at fair value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using the fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:
- quoted prices in active markets for identical assets and liabilities (Level 1);
- inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
2014	$	$	$	$
Financial assets held for trading	7,000	-	-	7,000
	7,000	-	-	7,000
2013				
Financial assets held for trading	2,050	-	-	2,050
	2,050	-	-	2,050

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2014

19 INVESTMENT IN CONTROLLED ENTITIES

	Country of Corporation	Class of Shares	Equity Holding 2014 %	Equity Holding 2013 %
Parent Entity:				
PharmAust Limited	Australia	-	-	-
Name of Controlled Entity:				
Epichem Pty Ltd	Australia	Ordinary	100	100
Pitney Pharmaceuticals Pty Ltd	Australia	Ordinary	100	-

20 NOTES TO THE STATEMENT OF CASH FLOWS

20a Reconciliation of Cash

	Consolidated 2014 $	Consolidated 2013 $
Cash at bank	2,304,323	362,873

20b Reconciliation of net cash used in operating activities to loss after income tax

	2014 $	2013 $
Loss after income tax	(1,317,853)	(514,883)
Depreciation	53,365	48,708
Provision for doubtful debt	6,051	-
Unrealised loss/(gain) on financial assets	(4,950)	4,350
Share Based Payment	8,039	135,000
Gain on disposal of subsidiary	-	(124,284)
Movement in assets and liabilities:		
Receivables	(44,252)	177,783
Other assets	(16,381)	(26,132)
Payables	(242,130)	(19,229)
Provisions	(30,244)	13,227
Net cash used in operating activities	(1,588,355)	(305,460)

20c Disposal of subsidiary

In prior year, the controlled entity, Pela Resources Pty Ltd, was disposed of. Aggregate details of this transaction are:

	2013 $
Disposal price	1,750,000
Cash consideration	100,000
Assets and liabilities held at disposal date :	
Cash at bank	5,850
Exploration and evaluation assets	1,619,866
	1,625,716
Net gain on disposal	124,284
Net cash received	94,150

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2014

20d Acquisition of subsidiary- Pitney Pharmaceuticals Pty Ltd

During the year, the consolidated entity acquired 100% of the voting share of Pitney Pharmaceuticals Pty Ltd. The acquisition provides the company the exclusive rights to the licences of three technology platforms in the field of oncology.

Total consideration for the acquisition was $5,509,000 and comprised an issue of shares and options. The acquisition does not constitute a business combination but rather an acquisition of assets.

The fair value of the identifiable assets and liabilities as at the date of acquisition are:

	Recognised on acquisition $
Cash and cash equivalents	372,711
Trade and other receivables	9,377
Trade and other payables	(52,216)
Intangible assets on consolidation	5,179,128
	5,509,000

Cost of the acquisition:	
Securities issued (shares and options), at fair value	5,509,000
Total cost of the acquisition	5,509,000

Revenue of Pitney Pharmaceuticals Pty Ltd included in the consolidated revenue of the Group since the acquisition date on 12 August 2013 amounted to $8,287. Loss of Pitney Pharmaceuticals Pty Ltd included in consolidated loss of the Group since the acquisition date amounted to $25,189.

20d Non-cash Financing and Investing Activities

i. The consolidated entity acquired plant and equipment with an aggregate value of $94,787 (2013: $0) by means of finance leases. These acquisitions are not reflected in the statement of cash flows.

ii. Shares and options were issued at $0.011 and $0.00632 respectively during the year as part of the consideration for the purchase of Pitney Pharmaceuticals Pty Ltd. The shares and options issue were based on the fair value of the company which was determined by quoted active market prices price and appropriate valuation technique used.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2014

21 SHARE BASED PAYMENTS

Share granted as share based payments are as follows:

	2014	2013
Grant Date	Number	Number
5 December 2012	-	15,000,000
12 August 2013	472,500,000	-

The weighted average fair value of those equity instruments was determined by reference to the market price which was $0.011(2013: $0.009).

In 2014, these shares were issued as part of the consideration for the acquisition of Pitney Pharmaceuticals Pty Ltd. Refer to Note 8 for further details of the acquisition of subsidiary.

In 2013, these shares were issued as compensation to key management personnel of the Group. This share based payment of $135,000 has been included under employee benefit expense in the statement of comprehensive income.

Options granted as share based payments are as follows:

2014

Grant date	Expiry date	Exercise price	Number
05/08/2013*	31/08/2015	$0.02	50,000,000
16/10/2013**	31/08/2015	$0.02	2,000,000
			52,000,000

* The options are issued as part of the consideration for acquisition of Pitney Pharmaceuticals Pty Ltd.
**The options are issued to Peloton Capital Pty Ltd as part of corporate advisory service provided.

The fair values were calculated using the Black-Scholes option pricing model applying the following input:

Options	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
50,000,000	$0.012	$0.02	120.00%	0%	2.37%	$0.00623
2,000,000	$0.01	$0.02	110.00%	0%	2.82%	$0.00402

There were no options granted during the year ended 30 June 2013.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2014

22 KEY MANAGEMENT PERSONNEL

22a Remuneration of Key Management Personnel

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the consolidated entity's key management personnel for the year ended 30 June 2014 and 30 June 2013.

The totals of remuneration paid to key management personnel of the consolidated entity during the year are as follows:

	CONSOLIDATED	
	2014	2013
	$	$
Short term employee benefits	600,500	492,000
Post employment benefits	45,139	12,330
	645,639	504,330

23 COMMITMENTS

	2014	2013
23a Corporate advisory fees		
- Not later than 12 months	37,500	-
- Between 12 months and 5 years	-	-
Minimum payments	37,500	-
23b Office lease commitments		
Payable – minimum lease payments		
- Not later than 12 months	6,300	27,559
- Between 12 months and 5 years	-	-
Minimum lease payments	6,300	27,559

24 SEGMENT REPORTING

Segment Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

Descriptions of segments

i. *Corporate*
The corporate segment covers all the corporate overhead expenses.

ii. Pharmaceutical
The pharmaceutical segment provides products and services in synthetic and medicinal chemistry to the drug discovery and pharmaceutical industries.

Basis of accounting for purposes of reporting by operating segments

a. **Accounting policies adopted**

All amounts reported to the Directors, being the chief decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in these financial statements.

b. **Intersegment transactions**

There are no intersegment sales and purchase within the consolidated entity.

Intersegment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs.

c. **Segment assets**

Where an asset is used across multiple segments, the asset is allocated to the segment that receives majority economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

d. **Segment liabilities**

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2014

24 SEGMENT REPORTING (Cont.)

The consolidated entity operates in three business segments as disclosed below:

i) Segment Performance

Consolidated

2014	**Corporate**	**Pharmaceutical**	**Total**
	$	**$**	**$**
Revenue			
External sales	-	1,908,768	1,908,768
Other external revenue	98,318	-	98,318
Inter-segment sales	-	-	-
Total segment revenue	98,318	1,908,768	2,007,086
Inter-segment elimination			-
Total revenue per statement of comprehensive income			2,007,086
Results			
Segment result from continuing operations before tax	(1,412,667)	94,814	(1,317,853)

Consolidated

2013	**Corporate**	**Exploration**	**Pharmaceutical**	**Total**
	$	**$**	**$**	**$**
Revenue				
External sales	-	-	1,616,569	1,616,569
Other external revenue	17,076	124,284	87,242	228,602
Inter-segment sales	-	-	-	-
Total segment revenue	17,076	124,284	1,703,811	1,845,171
Inter-segment elimination				-
Total revenue per statement of comprehensive income				1,845,171
Results				
Segment result from continuing operations before tax	(724,835)	124,284	85,668	(514,883)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2014

24 SEGMENT REPORTING (Cont.)

ii) Segment assets and liabilities

Consolidated

	Corporate $	Pharmaceutical $	Total $
2014			
Segment assets			
Segment assets	1,774,435	6,435,198	8,209,633
Total assets of the consolidated entity:			8,209,633
Capital expenditure during the year	-	-	-
Segment liabilities			
Segment operating liabilities	(118,867)	(326,610)	(445,477)
Total liabilities of the consolidated entity:			(445,477)

Consolidated

	Corporate $	Exploration $	Pharmaceutical $	Total $
2013				
Segment assets				
Segment assets	188,113	-	717,308	905,421
Total assets of the consolidated entity:				905,421
Capital expenditure during the year	-	-	11,497	11,497
Segment liabilities				
Segment operating liabilities	(332,011)	-	(262,533)	(594,544)
Total liabilities of the consolidated entity:				(595,544)

ii) Revenue by geographical region

Consolidated	2014 $	2013 $
Revenue by geographical region		
Revenue attributable to external customers is disclosed below, based on the location of the external customer:		
Switzerland	1,167,529	1,213,577
Australia	358,141	280,602
Others	481,416	350,992
Total revenue	2,007,086	1,845,171
Assets by geographical region		
The location of segment assets by geographical location of the assets is disclosed below:		
Australia	8,209,633	905,421
Total assets	8,209,633	905,421

Major customers

The consolidated entity has a number or customers to which it provides both products and services. The consolidated entity supplies a single external customer within the pharmaceutical segment who accounts for 72% of external revenue (2013: 71%). The next most significant customer accounts for less than 10% of external revenue.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2014

25 CONTINGENT LIABILITIES

The consolidated entity has the following contingent liabilities at reporting date:

Issue of additional shares

As part of Share Sale Agreement to acquire Pitney Pharmaceuticals Pty Ltd, the consolidated entity will issue additional shares of 50 million each to the seller upon meeting the three milestones.

The three milestones are:

- Milestone 1 - One of the consolidated entity's products being granted investigational new drug (IND) status from the US Food and Drug Administration and the Company receiving an IND number issued by the US Food and Drug Administration within 5 years of the Settlement Date and provided this is no later than 31 October 2018;
- Milestone 2 - Commencement of treatment of the first patient under a Phase II Trial with the product Albendazole within 5 years of the Settlement Date and provided this is no later than 31 October 2018; and
- Milestone 3 - Commencement of treatment of the first patient under a Phase II Trial using the product Monepantel within 5 years of the Settlement Date and provided this is no later than 31 October 2018.

Issue of options

As part of the corporate advisory mandate signed with Peloton Capital Pty Ltd whom is to provide advisory services to the company in relation to the placement of any further current capital raising and increase the consolidated entity's profile and share price by way of investor relations initiatives, the consolidated entity will issue three trenches of 2.5 million options each at exercise price of $0.02 and expire on 31 August 2015 upon the consolidated entity's share prices reaching weighted average of $0.02, $0.03 and $0.04 respectively for a 30 day period.

Other than the above, there has been no other contingent liabilities or contingent assets.

26 EVENTS AFTER THE REPORTING PERIOD

There have been no known events that have arisen since the balance date that has affected or may significantly affect the operation of the Group.

27 PARENT INFORMATION

Statement of Financial Position	**2014 $**	**2013 $**
Assets		
Current assets	7,266,967	187,911
Non-current assets	16,468	202
Total assets	7,283,435	188,113
Liabilities		
Current liabilities	118,867	332,011
Non -current liabilities	-	50,000
Total liabilities	118,867	382,011
Equity		
Issued capital	41,393,484	32,941,890
Reserves	941,629	622,090
Accumulated losses	(35,170,545)	(33,757,878)
Total equity	7,164,568	(193,898)
Statement of comprehensive income		
Loss for the year	(1,412,667)	(600,879)
Other comprehensive income	-	-
Total comprehensive loss for the year	(1,412,667)	(600,879)

Guarantees
PharmAust Limited has not entered into any guarantees in the current or previous financial year, in relation to the debts of its subsidiaries.

Other Commitments and Contingencies
PharmAust Limited has no commitments to acquire property, plant and equipment and has no contingent liabilities other than disclosed in Note 25.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2014

28 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET MANDATORY OR EARLY ADOPTED

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2014. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments and its consequential amendments
This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2017 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The consolidated entity will adopt this standard and the amendments from 1 July 2017 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities
The amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement. The adoption of the amendments from 1 July 2014 will not have a material impact on the consolidated entity.

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets
These amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed. The adoption of these amendments from 1 July 2014 may increase the disclosures by the consolidated entity.

Annual Improvements to IFRSs 2010-2012 Cycle
These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects several Accounting Standards as follows: Amends the definition of 'vesting conditions' and 'market condition' and adds definitions for 'performance condition' and 'service condition' in AASB 2 'Share-based Payment'; Amends AASB 3 'Business Combinations' to clarify that contingent consideration that is classified as an asset or liability shall be measured at fair value at each reporting date; Amends AASB 8 'Operating Segments' to require entities to disclose the judgements made by management in applying the aggregation criteria; Clarifies that AASB 8 only requires a reconciliation of the total reportable segments assets to the entity's assets, if the segment assets are reported regularly; Clarifies that the issuance of AASB 13 'Fair Value Measurement' and the amending of AASB 139 'Financial Instruments: Recognition and Measurement' and AASB 9 'Financial Instruments' did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amount, if the effect of discounting is immaterial; Clarifies that in AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets', when an asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount (i.e. proportional restatement of accumulated amortisation); and Amends AASB 124 'Related Party Disclosures' to clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a 'related party' of the reporting entity. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.

Annual Improvements to IFRSs 2011-2013 Cycle
These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects four Accounting Standards as follows: Clarifies the 'meaning of effective IFRSs' in AASB 1 'First-time Adoption of Australian Accounting Standards'; Clarifies that AASB 3 'Business Combination' excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself; Clarifies that the scope of the portfolio exemption in AASB 13 'Fair Value Measurement' includes all contracts accounted for within the scope of AASB 139 'Financial Instruments: Recognition and Measurement' or AASB 9 'Financial Instruments', regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132 'Financial Instruments: Presentation'; and Clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in AASB 3 'Business Combinations' and investment property as defined in AASB 140 'Investment Property' requires the separate application of both standards independently of each other. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.

SHAREHOLDER INFORMATION

Additional information required by the Australian Stock Exchange Limited Listing Rules, and not disclosed elsewhere in this report.

SHAREHOLDINGS

At the date of this report two shareholders had lodged substantial shareholder notices with the Company.

a) Professor David Morris is a substantial shareholder holding a relevant interest in 173,116,590 shares representing 12.92% of the voting power.
b) Dr Roger Aston is a substantial shareholder holding a relevant interest in 104,282,951 shares representing 7.78% of the voting power.

CLASS OF SHARES AND VOTING RIGHTS

The voting rights attached to the Fully Paid Ordinary shares of the Company are:

(a) at a meeting of members or classes of members each member entitled to vote may vote in person or by proxy or by attorney; and
(b) on a show of hands every person present who is a member has one vote, and on a poll every person present in person or by proxy or attorney has one vote for each ordinary share held.

There are no voting rights attached to any Options on issue.

ORDINARY FULLY PAID SHARES (TOTAL) As of 27 August 2014

Range of Units Snapshot **Composition : ES1, ORD**

Range	Total holders	Units	% of Issued Capital
1 - 1,000	39	9,090	0.00
1,001 - 5,000	68	261,869	0.02
5,001 - 10,000	37	313,340	0.02
10,001 - 100,000	452	24,923,934	1.73
100,001 - 9,999,999,999	697	1,414,498,373	98.23
Rounding			**0.00**
Total	**1,293**	**1,440,006,606**	**100.00**

Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum $ 500.00 parcel at $ 0.0090 per unit	55556	413	9840754

LISTED OPTIONS EXPIRE 31/08/15 @ $0.02 As of 27 August 2014

Range of Units Snapshot **Composition : OP1, OPT**

Range	Total holders	Units	% of Issued Capital
1 - 1,000	0	0	0.00
1,001 - 5,000	1	4,407	0.00
5,001 - 10,000	0	0	0.00
10,001 - 100,000	15	928,973	0.67
100,001 - 9,999,999,999	130	138,566,622	99.33
Rounding			**0.00**
Total	**146**	**139,500,002**	**100.00**

Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum $ 500.00 parcel at $ 0.0040 per unit	125000	16	933380

There is no current on-market buy back taking place.

During the reporting period the Company used its cash and assets in a manner consistent with its business objectives.

SHAREHOLDER INFORMATION (Cont.)

TWENTY LARGEST SHAREHOLDERS (as at 27 Aug 2014)

Rank	Name	Units	% of Units
1.	PROFESSOR DAVID LAWSON MORRIS	173,116,590	12.02
2.	DR ROGER ASTON	104,282,951	7.24
3.	LONGBOW CROFT CAPITAL PTY LTD	52,571,824	3.65
4.	PERSHING AUSTRALIA NOMINEES PTY LTD <BLUE OCEAN EQUITIES A/C>	35,000,000	2.43
5.	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	34,449,456	2.39
6.	ONMELL PTY LTD <ONM BPSF A/C>	32,300,000	2.24
7.	MYALL RESOURCES PTY LTD <MYALL GROUP SUPER FUND A/C>	30,000,000	2.08
8.	ZACHARIAH INVESTMENTS PTY LTD <M A W FAMILY A/C>	30,000,000	2.08
9.	WEBINVEST PTY LTD <OLSB UNIT A/C>	26,495,749	1.84
10.	MR GREGORY PAUL YEATMAN	25,000,000	1.74
11.	MR GRAHAM JAMES DARCY + MRS LYNNE CHRISTINE DARCY <THE DARCY FAMILY SF A/C>	24,000,000	1.67
12.	MR GERALD JAMES VAN BLOMMESTEIN + MRS GILLIAN VAN BLOMMESTEIN <VAN BLOMMESTEIN SUPER A/C>	23,735,705	1.65
13.	CHIMAERA CAPITAL LIMITED	20,000,000	1.39
14.	SAYERS INVESTMENTS (ACT) PTY LTD	18,000,000	1.25
15.	DR MOHAMMAD HOSSEIN POURGHOLAMI	16,000,000	1.11
16.	MS SUSAN ELIZABETH EVANS	14,000,000	0.97
17.	MR ZHONGSHI WU	13,000,000	0.90
18.	MR GREGORY ROLLAND CUNNOLD + MS LARA CHERYL GROVES <STRATFORD A/C>	12,000,000	0.83
19.	SILKTREE INVESTMENTS PTY LTD <PETER VASSILEFF S/F A/C>	11,333,333	0.79
20.	MR GEOFF BARNES	11,000,000	0.76
Top 20 holders of ORDINARY FULLY PAID SHARES		**706,285,608**	**49.05**
Total Remaining Holders Balance		**733,720,998**	**50.95**

SHAREHOLDER INFORMATION (Cont.)

TWENTY LARGEST OPTIONHOLDERS (as at 27 Aug 2014)

Rank	Name	Units	% of Units
1.	PLANE SAILING TRAILS PTY LTD <PST SUPER A/C>	10,186,724	7.30
2.	MR SAMUEL WATTS	10,003,277	7.17
3.	FIRST INVESTMENT PARTNERS PTY LTD	10,000,000	7.17
4.	SAYERS INVESTMENTS (ACT) PTY LTD	3,750,000	2.69
5.	MR GRANTLAND LLOYD PEARCE <PEARCE FAMILY SUP FUND A/C>	3,500,000	2.51
6.	TOCAROLY PTY LTD <TOCAROLY SUPER FUND A/C>	2,500,000	1.79
7.	VASTE DEVELOPMENTS PTY LTD	2,500,000	1.79
8.	MR TRENT WAKEHAM + MS LI-HSIN CHANG <OLD AGE MONEY SUPERFUND A/C>	2,320,000	1.66
9.	UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	2,299,075	1.65
10.	SMC CAPITAL PTY LTD <SMC CAPITAL A/C>	2,250,000	1.61
11.	SOUTH BANC GROUP PTY LTD <DAVID HALES FAMILY A/C>	2,187,500	1.57
12.	MGL CORP PTY LTD	2,103,636	1.51
13.	PAN AUSTRALIAN NOMINEES PTY LIMITED	2,062,500	1.48
14.	MYALL RESOURCES PTY LTD <MYALL GROUP SUPER FUND A/C>	2,025,000	1.45
15.	MR GEORGE CATSAROS <THE CATSAROS FAMILY A/C>	2,000,000	1.43
16.	MR ANDREW JAMES MITCHELL + MRS CAROLYN ANNE MITCHELL <MITCHELL FAMILY S/F A/C>	2,000,000	1.43
17.	NTJ INVESTMENTS PTY LTD <NTJ INVESTMENT A/C>	2,000,000	1.43
18.	JYZ SUPER PTY LTD <JYZ INTL P/L SUPER FUND A/C>	1,978,000	1.42
19.	CHIMAERA CAPITAL LIMITED	1,843,750	1.32
20.	MR GILES CAMERON CRAIG MRS VICKI PATRICIA CRAIG <THE CRAIG FAMILY S/F A/C>	1,762,112	1.26
Top 20 holders of LISTED OPTIONS		**69,271,574**	**49.66**
Total Remaining Holders Balance		**70,228,428**	**50.34**