Prescient Therapeutics Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Prescient Therapeutics Limited
ABN:	56 006 569 106
Reporting period:	For the half-year ended 31 December 2016
Previous period:	For the half-year ended 31 December 2015

2. Results for announcement to the market

				$
Revenues from ordinary activities	up	3903.8%	to	70,381
Loss from ordinary activities after tax attributable to the owners of Prescient Therapeutics Limited	up	64.5%	to	(1,024,096)
Loss for the half-year attributable to the owners of Prescient Therapeutics Limited	up	64.5%	to	(1,024,096)

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The loss for the consolidated entity after providing for income tax amounted to $1,024,096 (31 December 2015: $622,676).

The consolidated entity had an increase in revenues from ordinary activities during the half year period from the previous corresponding period amounting to $68,623, which was a result of increased interest revenue on additional cash holdings being held on deposit. The loss for the half-year to 31 December 2016 increased by $401,420 to the previous corresponding period due to an increase in research and development expenditure.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	4.67	4.97

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

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7. Dividend reinvestment plans

Not applicable.

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8. Details of associates and joint venture entities

Not applicable.

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9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

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10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

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11. Attachments

Details of attachments (if any):

The Interim Report of Prescient Therapeutics Limited for the half-year ended 31 December 2016 is attached.

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12. Signed

Steven Engle

Signed ______________________________ Date: 23 February 2017

Mr Steven Engle
Non-Executive Chairman

Prescient Therapeutics Limited

ABN 56 006 569 106

Interim Report - 31 December 2016

Prescient Therapeutics Limited
Contents
31 December 2016

Prescient Therapeutics Limited
Corporate directory
31 December 2016

Directors	Mr Steven Yatomi-Clarke (Managing Director and CEO) Mr Steven Engle (Non-executive Chairman) Mr Paul Hopper (Executive Director) Dr James Campbell (Non-executive Director)
Company secretary	Ms Melanie Leydin
Registered office	Level 4, 100 Albert Road South Melbourne, VIC 3205 PH: 03 9692 7222
Principal place of business	Level 4, 100 Albert Road South Melbourne, VIC 3205
Share register	Automic Registry Services Level 3 50 Holt Street Surry Hills NSW 2010 PH: 1300 288 664
Auditor	Ernst & Young 8 Exhibition Street Melbourne VIC 3000
Stock exchange listing	Prescient Therapeutics Limited shares are listed on the Australian Securities Exchange (ASX codes: PTX and PTXO)
Website	www.prescienttherapeutics.com

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Prescient Therapeutics Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2016.

Directors
The following persons were directors of Prescient Therapeutics Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr Steven Engle
Mr Paul Hopper
Dr James Campbell
Mr Steven Yatomi-Clarke

Principal activities
During the financial half-year the principal continuing activities of the consolidated entity consisted of:
- the preparation for and conduct of clinical trials relating to the Company's products;
- business development associated with the promotion of Prescient's proprietary technologies and products; and
- business development associated with developing collaborative, partnership relationships and corporate transactions.

Review of operations
The loss for the consolidated entity after providing for income tax amounted to $1,024,096 (31 December 2015: $622,676).

The consolidated entity has accounted for an estimated research and development incentive tax rebate for the half year amounting to $493,040. The consolidated entity had an increase in revenues from ordinary activities during the half year period from the previous corresponding period amounting to $68,623, which was a result of increased interest revenue on additional cash holdings being held on deposit. The loss for the half-year to 31 December 2016 increased by $401,420 to the previous corresponding period due to an increase in research and development expenditure.

The net assets of the consolidated entity increased by $224,361 to $13,236,883 as at 31 December 2016 (30 June 2016: $13,012,522). The consolidated entity's working capital position, being current assets less current liabilities increased by $225,149 to $9,869,975 (30 June 2016: $9,644,826).

The Directors believe the consolidated entity is in a strong and stable position to expand and grow its current operations.

PTX 200

During the period, the Company announced that the US Patent and Trademark Office (USPTO) had issued two notices of allowance under the PTX-200 patent families “Effective treatment of tumors and cancer with triciribine and related compounds” and “Compositions including triciribines and taxanes and methods of use thereof”.

The first allowance bears relevance to claims involving the intravenous dosing schedule of novel Akt inhibitor, PTX-200, including a method for identifying and treating patients with tumors in the pancreas, ovary or colon that have highly expressed Akt.

The second allowance has allowed claims bearing particular relevance to PTX’s ongoing breast cancer clinical trial, involving the use of PTX-200 with taxanes. These recent allowances further bolster the already broad patent portfolio for PTX-200 and its use for the treatment of tumors and cancer including novel combinations and dosing regimens. This is welcome news, especially in light of the Company’s current trials in ovarian and breast cancers using PTX-200.

In September PTX presented at the 18th Annual Rodman & Renshaw Global Investment Conference, sponsored by H.C. Wainwright & C., LLC. The conference was held on September 11-13, 2016, at Lotte New York Palace Hotel in New York City. Mr Steven Yatomi-Clarke met with a number of investors in and around the conference, as part of the campaign to raise awareness of the Company in the US ahead of operational milestones.

On 26 September 2016, the Company announced that the H. Lee Moffitt Cancer Center (**Moffitt**) in Florida had dosed its first patient as part of the Company's Phase 1b/2 trial of its novel drug candidate PTX-200 in patients with locally advanced breast cancer.

In this trial PTX-200 is given in combination with chemotherapy agent paclitaxel as standard of care. The Phase 1b/2 trial is now in expansion phase enrollment at Albert Einstein College of Medicine and the Moffitt. The Moffitt's principal investigator on the trial is Dr Heather Han, a medical oncologist specializing in breast cancer in The Centre for Women's Oncology at the brand new, state-of-the-art McKinley Campus at the Moffitt.

Each year, the Moffitt treats over 1,000 newly diagnosed breast cancer patients, as well as hundreds more who choose the Moffitt for treatment when they have a recurrence. Whilst only a fraction of these patients will meet the strict eligibility criteria of this clinical trial, including the type of breast cancer, PTX benefits not only from the large patient population but also from the Moffitt's multidiscipline expertise in breast cancer.

The Moffitt's Comprehensive Breast Program boasts a multispecialty, full-service clinic that offers the latest in preventive care and support for all breast-related conditions. Accordingly, breast cancer patients treated at the Moffitt have survival rates above the US national average.

In December 2016, the Company announced the dosing of its first patient at the next dose level of 25mg/m^2 of PTX-200 in the dose escalation stage of its Phase 1b/2 trial for the treatment of metastatic ovarian cancer at H. Lee Moffitt Cancer Center in Florida (Moffitt). The Phase 1b/2 trial combines PTX-200 with cisplatin (standard of care chemotherapy) in patients with recurrent or persistent platinum-resistant ovarian cancer. Hyper-phosphorylated Akt is a key feature of platinum-resistant ovarian cancer, and these patients no longer respond to conventional chemotherapies like cisplatin.

Also during December 2016, the Company announced that its first patient had been dosed as part of the Phase 1b/2 clinical trial in refractory or relapsed acute leukemias, namely acute myeloid leukemia (AML). The clinical trial, led by Professor Jeffrey Lancet, is being conducted at the Moffitt. The clinical trial combines PTX-200 with cytarabine in refractory or relapsed AML. Approximately 18 patients will be recruited in the Phase 1b stage of the trial.

The Company also continued to build awareness of its drug candidates and programs in the US.

<u>PTX-100</u>

PTX-100 is a first in class compound with the ability to block important cancer-causing proteins such as Ral and Rho, leading to apoptosis (death) of cancer cells. Previous investigations have demonstrated encouraging data, with PTX-100 shown to be safe and well tolerated, and capable of achieving stable disease in a Phase 1 trial in patients with advanced solid tumours.

The Company is undertaking a strategic review of the optimal indication(s) and trial designs for PTX-100. This will take into consideration the novel p27 cancer biomarker as a companion diagnostic to potentially identify those patients that are most likely to respond to PTX-100 therapy.

The Company will need to manufacture additional drug in order to conduct further clinical trials.

<u>Corporate</u>

During the half-year period, the Company placed the shortfall shares pursuant to the Company's June 2016 Rights Issue offer raising approximately $1.3 million through the issue of approximately 15 million shares at an issue price of $0.09 (9 cents) per share.

Significant changes in the state of affairs

On 18 July 2016 the consolidated entity announced the issue of 15,052,633 fully paid ordinary shares and 7,526,312 PTXO listed options following the placement of shortfall shares in accordance with the consolidated entity's Non-renounceable rights issue offer dated 3 June 2016.

On 21 December 2016 the consolidated entity issued 2,000,000 fully paid ordinary shares in accordance with the consolidated entity's Loan Funded Share Plan, as approved by shareholders at the Company's 2016 Annual General Meeting.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

Prescient Therapeutics Limited
Directors' report
31 December 2016

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Mr Steven Engle
Non-Executive Chairman

23 February 2017

Ernst & Young
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Auditor's Independence Declaration to the Directors of Prescient Therapeutics Limited

As lead auditor for the review of Prescient Therapeutics Limited for the half-year ended 31 December 2016, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

Ernst + Young

Ernst & Young

Joanne Lonergan
Partner
Melbourne
23 February 2017

Prescient Therapeutics Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2016

	Note	Consolidated 31 December 2016 $	Consolidated 31 December 2015 $
Revenue		70,381	1,758
Other income	4	511,776	758,019
Expenses			
Research and development costs		(847,760)	(439,042)
Corporate expenses		(301,768)	(307,553)
Administrative expenses		(151,491)	(182,607)
Occupancy expenses		-	(16,529)
Employment expenses		(277,366)	(393,071)
Share based payments		(27,868)	(43,651)
Loss before income tax expense		(1,024,096)	(622,676)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Prescient Therapeutics Limited		(1,024,096)	(622,676)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Prescient Therapeutics Limited		(1,024,096)	(622,676)
		Cents	**Cents**
Basic earnings per share	14	(0.49)	(0.97)
Diluted earnings per share	14	(0.49)	(0.97)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Prescient Therapeutics Limited
Statement of financial position
As at 31 December 2016

	Note	Consolidated 31 December 2016 $	30 June 2016 $
Assets			
Current assets			
Cash and cash equivalents		5,929,451	9,753,646
Trade and other receivables		75,966	19,520
Short Term Investments		3,520,000	-
Other current assets	6	576,114	693,864
Total current assets		10,101,531	10,467,030
Non-current assets			
Property, plant and equipment		928	1,149
Intangibles	7	3,366,894	3,366,894
Total non-current assets		3,367,822	3,368,043
Total assets		13,469,353	13,835,073
Liabilities			
Current liabilities			
Trade and other payables		208,671	812,375
Employee benefits		22,885	9,829
Total current liabilities		231,556	822,204
Non-current liabilities			
Employee benefits		914	347
Total non-current liabilities		914	347
Total liabilities		232,470	822,551
Net assets		13,236,883	13,012,522
Equity			
Issued capital	8	55,497,148	54,276,559
Reserves	9	637,082	609,214
Accumulated losses		(42,897,347)	(41,873,251)
Total equity		13,236,883	13,012,522

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

Prescient Therapeutics Limited
Statement of changes in equity
For the half-year ended 31 December 2016

Consolidated	Issued capital $	Foreign Exchange Reserves $	Share Based Payments Reserves $	Retained profits $	Total equity $
Balance at 1 July 2015	43,994,092	8,221	567,282	(40,119,109)	4,450,486
Loss after income tax expense for the half-year	-	-	-	(622,676)	(622,676)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(622,676)	(622,676)
Transactions with owners in their capacity as owners:					
Contributions of equity	1,970,651	-	43,651	-	2,014,302
Realised foreign exchange gain/(loss)	-	(8,221)	-	-	(8,221)
Lapsing of unlisted options (note 15)	-	-	(54,895)	-	(54,895)
Capital raising costs	(194,158)	-	-	-	(194,158)
Balance at 31 December 2015	45,770,585	-	556,038	(40,741,785)	5,584,838

Consolidated	Issued capital $	Foreign Exchange Reserve $	Share Based Payments Reserve $	Retained profits $	Share Loan Plan Reserve $	Total equity $
Balance at 1 July 2016	54,276,559	-	609,214	(41,873,251)	-	13,012,522
Loss after income tax expense for the half-year	-	-	-	(1,024,096)	-	(1,024,096)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(1,024,096)	-	(1,024,096)
Transactions with owners in their capacity as owners:						
Share-based payments (note 15)	-	-	21,227	-	6,641	27,868
Conversion of options	352	-	-	-	-	352
Contribution of equity	1,354,737	-	-	-	-	1,354,737
Capital raising fees	(134,500)	-	-	-	-	(134,500)
Balance at 31 December 2016	55,497,148	-	630,441	(42,897,347)	6,641	13,236,883

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

Prescient Therapeutics Limited
Statement of cash flows
For the half-year ended 31 December 2016

	Note	Consolidated 31 December 2016 $	Consolidated 31 December 2015 $
Cash flows from operating activities			
Payments to suppliers (inclusive of GST)		(2,226,244)	(891,195)
Interest received		37,899	1,758
R&D tax incentive received		644,828	-
Net cash used in operating activities		(1,543,517)	(889,437)
Cash flows from investing activities			
Payments for investments in 6 month term deposits		(3,520,000)	-
Net cash used in investing activities		(3,520,000)	-
Cash flows from financing activities			
Proceeds from issue of shares	8	1,355,089	1,970,651
Capital raising costs		(134,500)	(194,158)
Net cash from financing activities		1,220,589	1,776,493
Net increase/(decrease) in cash and cash equivalents		(3,842,928)	887,056
Cash and cash equivalents at the beginning of the financial half-year		9,753,646	1,042,896
Effects of exchange rate changes on cash and cash equivalents		18,733	-
Cash and cash equivalents at the end of the financial half-year		5,929,451	1,929,952

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

Note 1. General information

The financial statements cover Prescient Therapeutics Limited as a consolidated entity consisting of Prescient Therapeutics Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Prescient Therapeutics Limited's functional and presentation currency.

Prescient Therapeutics Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 4, 100 Albert Road
South Melbourne, VIC, 3205

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 23 February 2017.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2016 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

Going concern

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The working capital position as at 31 December 2016 of the consolidated entity results in an excess of current assets over current liabilities of $9,869,975 (30 June 2016: $9,644,826 excess). The consolidated entity made a loss after tax of $1,024,096 during the financial half-year (2015: $622,676 from continuing operations) and the net operating cash outflow was $1,543,517 (2015: $889,437 net outflow). The cash balance (being the total of cash and cash equivalents and short term investments) as at 31 December 2016 was $9,449,451 (30 June 2016: $9,753,646).

The Directors are of the opinion that the existing cash reserves will provide the Company with adequate funds to ensure its continued viability and operate as a going concern.

The Company continues to closely monitor expenditure, and the Board is confident that it will be able to manage its cash resources appropriately without negatively impacting upon planned activities. On this basis the directors consider that the consolidated entity remains a going concern and these financial statements have been prepared on this basis.

Note 3. Operating segments

Identification of reportable operating segments
The Company operated predominately in the clinical stage oncology industry within Australia. AASB 8 requires operating segments to be identified on the basis of internal reports about the components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The board reviews the Company as a whole in the business segment of clinical stage oncology within Australia.

Note 4. Other income

	Consolidated	
	31 December 2016 $	31 December 2015 $
Net foreign exchange gain	18,736	47,828
Research and Development Tax Incentive	493,040	710,191
Other income	511,776	758,019

Effective 1 July 2011, the R&D tax incentive regime replaced the R&D tax concession. Under this regime, Prescient, having expected aggregated annual turnover of under $20 million, is entitled to a refundable R&D credit of 43.5% (2015: 45%) on the eligible R&D expenditure incurred on eligible R&D activities.

The 43.5% (2015: 45%) refundable R&D tax offset is accounted for under AASB 120 Accounting for Government Grants and Disclosure of Government Assistance and is recorded as ‘other income’ in the Statement of profit or loss & other comprehensive income.

During the half year ended 31 December 2016 the consolidated entity has recognised a receivable of $493,040.

Note 5. Reclassification of expenses

At 30 June 2016, a reclassification of the presentation of costs in the Statement of Profit and Loss was implemented to classify by nature rather than by function. The accounts at 31 December 2016 were reclassified to ensure comparability to the 30 June 2016 financial statements. This included the reclassification of expenses in the 31 December 2015 accounts.

Expense Account	Total	2015 December Half Year Allocation	2016 December Half Year Allocation
Advertising Expenses	42,136	Corporate Expenses	Administration Expenses
Conferencing Expenses	6,388	Corporate Expenses	Administration Expenses
Travel, Meals & Entertainment Expenses	44,059	Corporate Expenses	Administration Expenses
Flights	35,412	Corporate Expenses	Administration Expenses
Meals	5,082	Corporate Expenses	Administration Expenses
Client Entertainment	127	Corporate Expenses	Administration Expenses
Taxi Fares	893	Corporate Expenses	Administration Expenses
Interest Expense	(980)	Employment Expenses	Corporate Expenses
Consulting Fees	85,149	Corporate Expenses	Employment Expenses
Company Secretarial Fees	41,000	Employment Expenses	Corporate Expenses
Net foreign exchange gain	(47,828)	Realised foreign exchange movements expense	Other Income

Note 6. Current assets - Other Current Assets

	Consolidated	
	31 December 2016 $	30 June 2016 $
R&D tax incentive receivable	493,040	644,828
Prepayments	83,074	49,036
	576,114	693,864

Note 7. Non-current assets - intangibles

	Consolidated	
	31 December 2016 $	30 June 2016 $
Intellectual property - at cost	3,366,894	3,366,894

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Intellectual Property at cost $	Total $
Balance at 1 July 2016	3,366,894	3,366,894
Balance at 31 December 2016	3,366,894	3,366,894

Acquisition of Pathway Oncology Pty Ltd

On 30 May 2014, the Company completed the acquisition of Pathway Oncology Pty Ltd (Pathway). Pathway is the holder of an exclusive worldwide licence of certain intellectual property from Yale University and the University of South Florida. The intellectual property includes anti-cancer technology developed at Yale University in New Haven, Connecticut and the Moffitt Cancer Center in Florida, the third largest cancer center in the United States. The technology is a novel cancer drug, GGTI-2418, that blocks the important cancer growth enzyme geranyl-geranyl transferase I (GGTase I) as well as Ral & Rho circuits in cancer cells, which are key oncogenic pathways for a cancer cell to survive and grow.

The acquisition of Pathway was accounted for as an “asset acquisition” under Australian Accounting Standards. The consideration paid for the acquisition of Pathway is as follows:

(a) 3,000,000 fully paid ordinary shares (post consolidation) in Prescient at settlement;
(b) within 18 months from the date of settlement and subject to the re-activation or re-opening, or allowance, of an IND for any disease indication by US FDA (Milestone 1), an additional 4,500,000 fully paid ordinary shares in Prescient within 10 Business Days of such satisfaction; and
(c) within 36 months from the date of settlement and subject to the dosing of the patient in a Phase Ib/II trial for any disease indication (Milestone 2), an additional 4,500,000 fully paid ordinary shares in Prescient within 10 Business Days of such satisfaction.

The Company was granted a waiver by ASX, as announced on 3 April 2014, in relation to ASX Listing Rule 7.3.2 to conditionally allow Prescient to issue the Milestone Shares outside of the period of 3 months after the date of the shareholders meeting. The meeting was held on 9 May 2014.

There were no shares issued pursuant to the ASX waiver during the financial year and the remaining 4,500,000 fully paid ordinary shares subject to Milestone 2 may be issued up until 9 May 2017, following satisfaction of the relevant milestone.

Note 8. Equity - issued capital

	Consolidated			
	31 December 2016 Shares	**30 June 2016 Shares**	**31 December 2016 $**	**30 June 2016 $**
Ordinary shares - fully paid	211,250,107	194,195,519	55,497,148	54,276,559

Movements in ordinary share capital

Details	**Date**	**Shares**	**Issue price**	**$**
Balance	1 July 2016	194,195,519		54,276,559
Rights Issue	11 July 2016	15,052,633	$0.09	1,354,737
Options Conversion	16 August 2016	1,000	$0.18	180
Options Conversion	12 September 2016	955	$0.18	172
Issue of fully paid ordinary shares under LFSP	30 November 2016	2,000,000	-	-
Capital raising fees		-	-	(134,500)
Balance	31 December 2016	211,250,107		55,497,148

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

On 30 November 2016, at the Company's Annual General Meeting, shareholders approved the issue of 2,000,000 loan funded shares to Steven Yatomi-Clarke under the Company's Loan Funded Share Plan (LSFP). The shares were fair valued on the date of approval and were issued on 21 December 2016 (Refer to Note 15). These shares rank equally with all other ordinary shares on issue in the Company.

Share buy-back
There is no current on-market share buy-back.

Listed Options
On 15 July 2016, the Company issued 7,526,312 listed PTXO options. These options were pursuant to the shortfall facility in accordance with the Company's Replacement Prospectus dated 3 June 2016. These options are exercisable at $0.18 (18 cents) on or before 30 June 2018.

Note 9. Equity - reserves

	Consolidated	
	31 December 2016 $	**30 June 2016 $**
Share based payments reserve	630,441	609,214
Share loan plan reserve	6,641	-
	637,082	609,214

Note 9. Equity - reserves (continued)

Share based payments reserve
This reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services. During the period, 864,000 unlisted options were granted to directors of the Company (refer to Note 15 for additional information on unlisted options issued).

Share loan plan reserve
This reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services. On 30 November 2016, shareholders approved the Company's proposal to issue up to 8,000,000 Loan Funded Shares (LFS) with an expiry date of 30 November 2021 to the Company's Managing Director, Mr Steven Yatomi-Clarke, by way of a non-recourse, interest-free loan. The loan is repayable at any time or is repayable immediately if the participant ceases to be an employee. If the employee sells the shares, the shares are payable on the date of receipt of the funds. The initial tranche of 2,000,000 shares was issued at $0.094 (9.4 cents) on 21 December 2016. The second tranche, of 2,000,000 shares will be issued when the 5-day VWAP of the ordinary shares in the Company reaches $0.15 (15 cents) prior to the expiry date; the third tranche of 2,000,000 shares will be issued when the 5-day VWAP of the ordinary shares in the Company reaches $0.22 (22 cents) prior to the expiry date; and the fourth and final tranche of 2,000,000 shares will be issued when the 5-day VWAP of ordinary shares in the Company reaches $0.29 (29 cents) prior to the expiry date.

Note 10. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 11. Contingent assets and contingent liabilities

There are no contingent assets and contingent liabilities that need disclosure in the financial statements of the consolidated entity.

Note 12. Related party transactions

Parent entity
Prescient Therapeutics Limited is the parent entity.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	31 December 2016	**31 December 2015**
	$	**$**
Payment for other expenses:		
Other expenses paid to other related party *	-	184,422

*During the half-year to 31 December 2015, $184,422 was paid to Patersons Corporate Finance, an entity associated with Mr Yatomi-Clarke.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Note 12. Related party transactions (continued)

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 13. Events after the reporting period

No matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 14. Earnings per share

	Consolidated	
	31 December 2016 $	**31 December 2015 $**
Loss after income tax attributable to the owners of Prescient Therapeutics Limited	(1,024,096)	(622,676)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	208,686,639	64,087,114
Weighted average number of ordinary shares used in calculating diluted earnings per share	208,686,639	64,087,114
	Cents	**Cents**
Basic earnings per share	(0.49)	(0.97)
Diluted earnings per share	(0.49)	(0.97)

The rights to options held by option holders have not been included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS as they do not meet the requirements for inclusion in AASB 133 ‘Earnings Per Share’. The rights to options are non-dilutive as the consolidated entity is loss generating.

Note 15. Share based payments

Unlisted Options

At the Company’s 2016 Annual General Meeting. Shareholders approved the adoption of an Employee Option Plan (EOP).

Set out below are summaries of options granted under the plan in the December 2016 Half Year:

31 December 2016

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
21/12/2016	21/12/2019	$0.119	-	864,000	-	-	864,000
			-	864,000	-	-	864,000

During the period, the Company granted 247,000 unlisted options to Paul Hopper and James Campbell; and 370,000 options to Steven Engle under the plan. There unlisted options were granted in three tranches, with 432,000 vesting on the grant date, 216,000 vesting in one year following the grant date and 216,000 vesting two years after the grant date.

Note 15. Share based payments (continued)

During the half year to 31 December 2015, options were issued to non-executive directors. 1,500,000 options expired upon Rob Crombie's departure from the Company, 700,000 options were granted to Non-executive directors and 200,000 options were granted to the Chief Scientific Officer of the Company.

31 December 2015

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
28/11/2014	11/12/2018	$0.140	2,000,000	-	-	(1,500,000)	500,000
04/11/2015	04/11/2018	$0.085	-	700,000	-	-	700,000
23/11/2015	20/10/2020	$0.060	-	200,000	-	-	200,000
			2,000,000	900,000	-	(1,500,000)	1,400,000

During the period the consolidated entity also entered into an agreement with Red Chip Investor Services (an investor relations Company) to provide various investor related PR services. As part of this agreement Prescient would provide compensation to Red Chip in various forms including the grant of a total of 1,300,000 unlisted options which comprise of various vesting conditions. This agreement was terminated on 14 June 2016 and the options were not granted.

The weighted average remaining contractual life of options outstanding at the end of the financial half-year was 4 years.

Loan Funded Shares (LFS)

At the Company's 2016 Annual General Meeting. Shareholders approved the adoption of an Employee Share Loan Plan (ESLP).

During the half year period and at the Company's 2016 Annual General Meeting, shareholders approved the issue of up to 8,000,000 loan funded shares to Managing Director, Mr Steven Yatomi-Clarke, in accordance with the Employee Share Loan Plan. The proposed issue of shares were agreed to be split into four tranches (refer to Note 9), with 2,000,000 issued on the grant date and the remaining three tranches to be granted subject to performance hurdles.

Set out below are summaries of shares granted under the plan:

31 December 2016

Grant date	Expiry date	Issue price	Balance at the start of the half-year	Granted	Vested & Issued	Expired/ forfeited/ other	Balance at the end of the half-year
30/11/2016	30/11/2021	$0.09	-	2,000,000	2,000,000	-	2,000,000
30/11/2016	30/11/2021	$0.15	-	2,000,000	-	-	2,000,000
30/11/2016	30/11/2021	$0.22	-	2,000,000	-	-	2,000,000
30/11/2016	30/11/2021	$0.29	-	2,000,000	-	-	2,000,000
			-	8,000,000	2,000,000	-	8,000,000

Note 15. Share based payments (continued)

Set out below are the summaries of shares issued under the Share Loan Plan:

31 December 2016

Loan Share Plan	Issue price $	Balance at start of year	Issued during The year	Loans repaid during the year	Loans cancelled during the year	Balance at end of year
Director – Initial Issue	$0.09	-	2,000,000	-	-	2,000,000
Director – Tranche A	$0.15	-	-	-	-	
Director – Tranche B	$0.22	-	-	-	-	
Director – Tranche C	$0.29	-	-	-	-	-
		-	2,000,000	-	-	2,000,000

For the shares granted during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
30/11/2016	30/11/2021	$0.093	$0.093	111.20%	-	1.97%	$0.0741
30/11/2016	30/11/2021	$0.093	$0.150	111.20%	-	1.97%	$0.0476
30/11/2016	30/11/2021	$0.093	$0.220	111.20%	-	1.97%	$0.0411
30/11/2016	30/11/2021	$0.093	$0.290	111.20%	-	1.97%	$0.0365

Prescient Therapeutics Limited
Directors' declaration
31 December 2016

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the financial half-year ended on that date; and

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

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Mr Steven Engle
Non-Executive Chairman

23 February 2017

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To the members of Prescient Therapeutics Limited

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Prescient Therapeutics Limited, which comprises the statement of financial position as at 31 December 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the half-year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Prescient Therapeutics Limited and the entities it controlled during the half-year financial report, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Prescient Therapeutics Limited is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

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

Ernst + Young

Ernst & Young

Joanne Lonergan
Partner
Melbourne
23 February 2017