

Prescient Therapeutics Limited
(Formerly known as Virax Holdings 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 2014
Previous period:	For the half-year ended 31 December 2013

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	20943.9% to	31,145
Loss from ordinary activities after tax attributable to the owners of Prescient Therapeutics Limited	up	10.3% to	(1,063,251)
Loss for the half-year attributable to the owners of Prescient Therapeutics Limited	up	10.3% to	(1,063,251)

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 \$1,063,251 (31 December 2013:\$1,186,004).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>4.06</u>	<u>5.78</u>

4. Control gained over entities

During the half-year, the consolidated entity acquired all the shares in AKTivate Therapeutics Pty Ltd following shareholder approval received at the 2014 Annual General Meeting of shareholders.

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.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

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

Not applicable.

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.

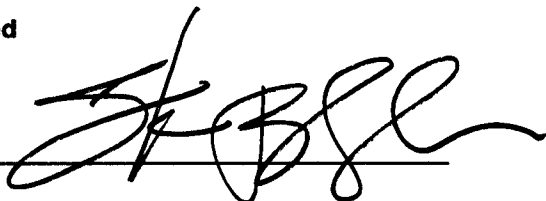
11. Attachments

Details of attachments (if any):

The Interim Report of Prescient Therapeutics Limited for the half-year ended 31 December 2014 is attached.

12. Signed

Signed



Mr Steven Engle
Non-executive Chairman

Date: 27 February 2015

Prescient Therapeutics Limited

(Formerly known as Virax Holdings Limited)

ABN 56 006 569 106

Interim Report - 31 December 2014

Prescient Therapeutics Limited
(Formerly known as Virax Holdings Limited)
Contents
31 December 2014

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Prescient Therapeutics Limited
(Formerly known as Virax Holdings Limited)
Corporate directory
31 December 2014

Directors	Mr Steven Engle (Non-executive Chairman) Dr Robert Crombie (Managing Director) Mr Paul Hopper (Executive Director) Mr Steven Yatomi-Clarke (Non-executive Director) Dr James Campbell (Non-executive Director)
Company secretary	Melanie Leydin
Registered office	Level 4, 100 Albert Road South Melbourne, VIC 3205
Principal place of business	Level 2 Riverside Quay 1 Southbank Boulevard Southbank, VIC, 3003
Share register	Automic Registry Services Suite 1a, Level 1 7 Ventnor Avenue West Perth, WA, 6005
Auditor	Ernst & Young 11 Mounts Bay Road Perth, WA, 6000
Stock exchange listing	Prescient Therapeutics Limited shares are listed on the Australian Securities Exchange (ASX code: PTX)
Website	www.prescienttherapeutics.com

Prescient Therapeutics Limited
(Formerly known as Virax Holdings Limited)
Directors' report
31 December 2014

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 2014.

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 (appointed 28 November 2014)
Dr Robert Crombie
Mr Paul Hopper
Dr James Campbell (appointed 28 November 2014)
Mr Steven Yatomi-Clarke (appointed 28 November 2014)
Dr Wayne Millen (resigned 28 November 2014)
Dr Rohan Toder (resigned 28 November 2014)
Dr Brendan de Kauwe (resigned 28 November 2014)

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity consisted of:

- In-licensing of novel intellectual property including Pathway and AKTivate acquisitions;
- the preparation for and conduct of clinical trials relating to the companies 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 \$1,063,251 (31 December 2013: \$1,186,004).

Request for IND Reactivation:

In September 2014 the company announced it planned to request reactivation of its' investigational new drug (IND) application for its lead compound PTX-100 (formerly known as GGTI-2418) for a planned Phase 1b/2 breast cancer trial in 2015. This novel compound is a first in class cancer drug, with the ability to block the Ral and Rho circuits in cancer cells which act as key oncogenic survival pathways. It had a favorable safety profile and four of nine patients in a Phase 1 study of patients with advanced stage cancer and treatment-refractory solid tumors experienced stable disease.

Strengthening of Board Changes:

In November 2014 Prescient strengthened its Board of Directors with three new appointments to support the Company's growing US oncology portfolio;

Mr Steven Engle joined the Board as Non-Executive Chairman. Mr Engle is a former CEO and Chairman of XOMA (NASDAQ: XOMA) and has deep experience in U.S. capital markets, a record of achievement with big pharma and has overseen multiple drug filings with the FDA.

Dr James Campbell was appointed a Non-Executive Director and has a strong track record as a biotechnology executive and entrepreneur. Dr Campbell was previously CFO and COO of ChemGenex Pharmaceuticals, which was acquired by Cephalon for \$230 million in 2011.

Mr Steven Yatomi-Clarke joined the Board as a Non-Executive Director. Mr Yatomi-Clark is one of Australia's most experienced biotech capital markets operatives with a successful history of financing many private and public biotech companies over the past decade.

Furthermore, in September 2014 respected multiple myeloma authority Professor Douglas Joshua joined the Prescient Scientific Advisory Board (SAB). Professor Joshua is the Emeritus Professor of Haematology at the Sydney University Medical School and a Consultant Haematologist at the Royal Prince Alfred Hospital. He will work alongside U.S.-based breast cancer authority Dr Joseph Sparano who joined the SAB in July 2014.

**Prescient Therapeutics Limited
(Formerly known as Virax Holdings Limited)
Directors' report
31 December 2014**

AKTivate Therapeutics Acquisition:

In December 2014 Prescient acquired the specialty oncology company AKTivate Therapeutics and its novel TCN-P cancer drug (now PTX-200). This was the company's second major oncology acquisition of 2014, following the acquisition of Pathway Oncology in May 2014.

This second acquisition broadened the company's oncology pipeline, to two novel oncology compounds under two separate Investigational New Drug (IND) applications with the U.S. FDA and the potential of 5 mid-stage clinical trials in the next 12-months.

PTX-200 is a novel small molecule that blocks the AKT growth-promoting pathway that leads to cancer.

Under the terms of the AKTivate transaction, Prescient will take responsibility for all future clinical development of this compound including ongoing breast and ovarian cancers, as well as a planned trial in acute leukaemia.

Change of Company Name:

In November shareholders voted to rename the company from Virax Holdings Limited (ASX: VHL) to Prescient Therapeutics Limited (ASX: PTX), with the new name more accurately reflecting the company's product pipeline of cutting edge oncology drug candidates.

Capital Consolidation:

Finally, as approved at the AGM on 28 November 2014, Prescient completed a one for twenty capital consolidation (of both shares and options) in December 2014.

Significant changes in the state of affairs

On 17 October 2014, the consolidated entity announced that it had entered into an agreement to acquire oncology company AKTivate Therapeutics Pty Ltd and its novel TCN-P cancer drug pending shareholder approval. AKTivate's technology inhibits the highly promising drug target AKT and includes two active clinical trials – a Phase 1b/2 in breast cancer and an active Phase 1b in ovarian cancer. These trials are fully funded by US government authorities including grants from the Department of Defence and National Cancer Institute.

The acquisition terms were weighted towards clinical success and therefore shareholder returns. Under the terms of the AKTivate agreement the consolidated entity would pay a US\$300,000 cash consideration as well as 234 million shares (pre-consolidation) at \$0.01 per share. 134 million shares (pre-consolidation) will be paid upfront, with a further 100 million shares (pre-consolidation) to be paid on reaching clearly defined clinical success milestones.

Shareholder approval was provided on 28 November 2014 and the cash consideration amounting to US\$300,000 and issue of 6,700,005 shares (post consolidation) were processed on 11 December 2014 for the first tranche consideration.

On 2 December 2014 the consolidated entity announced that it had changed its name to Prescient Therapeutics Limited, from Virax Holdings Limited, following shareholder approval provided at the 2014 Annual General Meeting of shareholders held on 28 November 2014.

On 5 December 2014 the consolidated entity announced that it had completed a consolidation of its fully paid ordinary shares on issue through the conversion of twenty (20) fully paid shares and unlisted options into one (1) fully paid share and unlisted option following shareholder approval received at the 2014 Annual General Meeting of shareholders held on 28 November 2014.

On 11 December 2014 the consolidated entity announced that it had granted 2,000,000 unlisted options to Dr Robert Crombie following shareholder approval received at the 2014 Annual General Meeting of shareholders held on 28 November 2014. The unlisted options are exercisable at an issue price of \$0.14 (14 cents) on or before 11 December 2018.

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

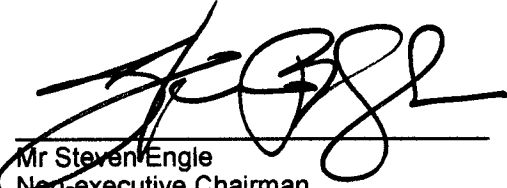
Prescient Therapeutics Limited
(Formerly known as Virax Holdings Limited)
Directors' report
31 December 2014

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 on the following page.

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

A handwritten signature in black ink, appearing to read 'S Engle', is written over a horizontal line. The signature is stylized and cursive.

Mr Steven Engle
Non-executive Chairman

27 February 2015

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

In relation to our review of the financial report of Prescient Therapeutics Limited for the half-year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



Ernst & Young



T G Dachs
Partner
27 February 2015

Prescient Therapeutics Limited
(Formerly known as Virax Holdings Limited)
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2014

	Note	Consolidated 31 December 2014	31 December 2013 (Restated)
		\$	\$
Revenue		31,145	148
Expenses			
Research and development costs		(401,143)	-
Business development		(77,434)	(7,743)
Corporate expenses		(620)	(2,225)
Administrative expenses		(95,804)	(201)
Audit & tax services expenses		(116,070)	(136,310)
Occupancy expenses		(5,569)	(31,500)
Insurance and legal expenses		(46,457)	(81,521)
Realised foreign exchange movements		(12,492)	-
Employment costs		(12,534)	-
Payments to Creditors trust		-	(380,182)
Directors Fees		(185,032)	(16,500)
Investor services expenses		(33,754)	(46,970)
Outside advisors & consultants expenses		(59,153)	(10,500)
Share based payments		(48,334)	(472,500)
Loss before income tax expense		(1,063,251)	(1,186,004)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Prescient Therapeutics Limited		(1,063,251)	(1,186,004)
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		<u>(1,063,251)</u>	<u>(1,186,004)</u>
		Cents	Cents
Basic earnings per share		(2.28)	(5.88)
Diluted earnings per share		(2.28)	(5.88)

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

**Prescient Therapeutics Limited
(Formerly known as Virax Holdings Limited)
Statement of financial position
As at 31 December 2014**

	Note	Consolidated 31 December 2014 \$	30 June 2014 (Restated) \$
Assets			
Current assets			
Cash and cash equivalents		2,329,815	3,808,562
Trade and other receivables		193,732	126,770
Other		54,829	-
Total current assets		<u>2,578,376</u>	<u>3,935,332</u>
Non-current assets			
Intangibles	3	3,067,200	1,344,383
Total non-current assets		<u>3,067,200</u>	<u>1,344,383</u>
Total assets		<u>5,645,576</u>	<u>5,279,715</u>
Liabilities			
Current liabilities			
Trade and other payables		425,137	252,893
Employee benefits		12,534	-
Total current liabilities		<u>437,671</u>	<u>252,893</u>
Total liabilities		<u>437,671</u>	<u>252,893</u>
Net assets		<u>5,207,905</u>	<u>5,026,822</u>
Equity			
Issued capital	4	43,692,592	42,496,592
Reserves		564,298	515,964
Accumulated losses		(39,048,985)	(37,985,734)
Total equity		<u>5,207,905</u>	<u>5,026,822</u>

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

Prescient Therapeutics Limited
(Formerly known as Virax Holdings Limited)
Statement of changes in equity
For the half-year ended 31 December 2014

	Issued capital \$	Share Based Payments Reserves \$	Retained profits \$	Total equity \$
Consolidated (Restated)				
Balance at 1 July 2013	36,216,338	-	(32,216,338)	4,000,000
Loss after income tax expense for the half-year	-	-	(1,186,004)	(1,186,004)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(1,186,004)	(1,186,004)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	2,304,855	-	-	2,304,855
Share based payment	-	472,500	-	472,500
Balance at 31 December 2013	<u>38,521,193</u>	<u>472,500</u>	<u>(33,402,342)</u>	<u>5,591,351</u>
Consolidated	Issued capital \$	Share Based Payments Reserves \$	Retained profits \$	Total equity \$
Balance at 1 July 2014 as previously reported	42,496,592	43,464	(37,513,234)	5,026,822
Restatement (note 11)	-	472,500	(472,500)	-
Balance at 1 July 2014 (as restated)	<u>42,496,592</u>	<u>515,964</u>	<u>(37,985,734)</u>	<u>5,026,822</u>
Loss after income tax expense for the half-year	-	-	(1,063,251)	(1,063,251)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(1,063,251)	(1,063,251)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	1,196,000	48,334	-	1,244,334
Balance at 31 December 2014	<u>43,692,592</u>	<u>564,298</u>	<u>(39,048,985)</u>	<u>5,207,905</u>

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

Prescient Therapeutics Limited
(Formerly known as Virax Holdings Limited)
Statement of cash flows
For the half-year ended 31 December 2014

		Consolidated	
	Note	31 December	31 December
		2014	2013
		\$	\$
Cash flows from operating activities			
Payments to suppliers (inclusive of GST)		(983,075)	(793,974)
Interest received		31,145	148
		<u> </u>	<u> </u>
Net cash used in operating activities		<u>(951,930)</u>	<u>(793,826)</u>
Cash flows from investing activities			
Payments for intangibles	3	<u>(526,817)</u>	-
Net cash used in investing activities		<u>(526,817)</u>	-
Cash flows from financing activities			
Proceeds from issue of shares		-	2,511,251
Capital raising costs		<u> </u>	<u>(206,396)</u>
Net cash from financing activities		<u> </u>	<u>2,304,855</u>
Net increase/(decrease) in cash and cash equivalents		(1,478,747)	1,511,029
Cash and cash equivalents at the beginning of the financial half-year		<u>3,808,562</u>	<u> </u>
Cash and cash equivalents at the end of the financial half-year		<u><u>2,329,815</u></u>	<u><u>1,511,029</u></u>

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

**Prescient Therapeutics Limited
(Formerly known as Virax Holdings Limited)
Notes to the financial statements
31 December 2014**

Note 1. General information

The financial statements cover Prescient Therapeutics Limited as a consolidated entity consisting of Prescient Therapeutics Limited and its subsidiaries. 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 are:

Registered office

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

Principal place of business

Level 2 Riverside Quay
1 Southbank Boulevard,
Southbank, VIC, 3003

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 27 February 2015.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2014 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 interim 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 2014 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, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity

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

**Prescient Therapeutics Limited
(Formerly known as Virax Holdings Limited)
Notes to the financial statements
31 December 2014**

Note 3. Non-current assets - intangibles

	Consolidated	
	31 December	30 June 2014
	2014	2014
	\$	\$
Intellectual property - at cost	<u>3,067,200</u>	<u>1,344,383</u>

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 2014	1,344,383	1,344,383
Issue of shares for acquisition of AKTivate	1,196,000	1,196,000
Acquisition costs	<u>526,817</u>	<u>526,817</u>
Balance at 31 December 2014	<u>3,067,200</u>	<u>3,067,200</u>

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) 60,000,000 fully paid ordinary shares in Virax 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 90,000,000 fully paid ordinary shares in Virax 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 90,000,000 fully paid ordinary shares in Virax within 10 Business Days of such satisfaction.

At 30 May 2014, the Company had issued 60,000,000 fully paid ordinary shares in Virax to the Pathway shareholders. The fair value of the intellectual property has been determined by reference to fair value of share issued in accordance with AASB 2: Share Based Payment, including an allowance for the share to be issued subject to the satisfaction of milestones 1 and 2. The fair value of the underlying Intellectual property , being GGTI-2418 has been measured by reference to the fair value of share issued in accordance with AASB 2 as the Group at this point in time does not have sufficient information to accurately measure the value of GGTI-2418.

The fair value of the shares issued (and to be issued) was determined by reference to the share price on the date the acquisition of Pathway was settled i.e 30 May 2014. The directors are of the opinion that Milestones 1 & 2 are likely to occur within the timeframes designated and accordingly, shares to be issued under Milestone 1 & 2 were taken into account in determining the fair value of the share issued at settlement.

Milestone 1 & 2 are considered “non-vesting conditions” and accordingly, were taken into account in determining the fair value of the shares issued at settlement.

**Prescient Therapeutics Limited
(Formerly known as Virax Holdings Limited)
Notes to the financial statements
31 December 2014**

Note 3. Non-current assets - intangibles (continued)

On 17 October 2014 the consolidated entity announced that it had entered into a binding agreement to acquire AKTivate Therapeutics Pty Ltd (ACN 168 507 202) (AKTivate), an oncology company with a novel TCN-P cancer drug. AKTivate's technology inhibits the highly promising drug target AKT and includes two active clinical trials – a Phase 1b/2 in breast cancer and an active Phase 1b in ovarian cancer. These trials are fully funded by US government authorities including grants from the Department of Defense and National Cancer Institute.

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

- (a) 6,700,005 fully paid ordinary shares (post-consolidation) at settlement;
- (b) US\$300,000 paid at settlement; and
- (c) subject to the satisfaction of any one or more of Milestone 1, Milestone 2 or Milestone 3 (defined in clause 5 of the SSPA, together the Milestones), the issue of 5,000,000 fully paid ordinary shares (on a post consolidated basis to the shareholders other than Cahaba, Professor Said Sebti and Mrs Michele Sebti.

The Milestones as defined under the agreement are noted below:

- (i) Milestone 1 – TCN-P successfully causing an Overall Response Rate for ovarian cancer treatment of 30% or greater for AKTivate's ovarian cancer trial of at least 30 patients and with an Acceptable Safety Profile within two years after settlement of the Transaction;
- (ii) Milestone 2 – TCN-P successfully causing a Pathologic Complete Response Rate for breast cancer treatment of 50% or greater for AKTivate's breast cancer trial of at least 30 patients and with an Acceptable Safety Profile within two years after settlement of the Transaction; and
- (iii) Milestone 3 – TCN-P successfully causing an Overall Response Rate for Leukaemia of 40% for AKTivate's Leukaemia trial of at least 30 patients and with an Acceptable Safety Profile within two years after settlement of the Transaction.

On 11 December 2014, the Company issued 6,700,005 fully paid ordinary shares to the AKTivate shareholders. The fair value of the intellectual property has been determined by reference to fair value of share issued in accordance with AASB 2: Share Based Payment, including an allowance for the shares to be issued subject to the satisfaction of one or more of milestones 1, 2 or 3. The fair value of the underlying Intellectual property, being TCN-P has been measured by reference to the fair value of share issued in accordance with AASB 2 as the Group at this point in time does not have sufficient information to accurately measure the value of TCN-P.

The fair value of the shares issued (and to be issued) was determined by reference to the share price on the date the acquisition of AKTivate was settled i.e 11 December 2014. The directors are of the opinion that one or more of Milestones 1, 2 or 3 are likely to occur within the timeframes designated and accordingly, shares to be issued under the satisfaction of the next Tranche payment were taken into account in determining the fair value of the share issued at settlement.

The second tranche consideration is considered “non-vesting conditions” and accordingly, were taken into account in determining the fair value of the shares issued at settlement.

Intangible assets have finite useful lives. The Company is in the process of determining the useful lives of its intangible assets which are still in development.

**Prescient Therapeutics Limited
(Formerly known as Virax Holdings Limited)
Notes to the financial statements
31 December 2014**

Note 4. Equity - issued capital

	31 December 2014 Shares	30 June 2014 Shares	Consolidated 31 December 2014 \$	30 June 2014 \$
Ordinary shares - fully paid	<u>52,748,221</u>	<u>920,947,371</u>	<u>43,692,592</u>	<u>42,496,592</u>

Movements in ordinary share capital

Details	Date	Shares	\$
Balance	1 July 2014	920,947,371	42,496,592
Consolidation of capital (20 : 1)	5 December 2014	(874,899,155)	-
Issue of shares for the acquisition of AKTivate (Note 3)	11 December 2014	<u>6,700,005</u>	<u>1,196,000</u>
Balance	31 December 2014	<u><u>52,748,221</u></u>	<u><u>43,692,592</u></u>

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.

Share buy-back

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

Note 5. Equity - dividends

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

Note 6. Contingent liabilities

There are no contingent liabilities that need disclosure in the financial statements of the Group.

Note 7. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 December 2014 %	30 June 2014 %
Pathway Oncology Pty Ltd	Australia	100.00%	100.00%
AKTivate Therapeutics Pty Ltd *	Australia	100.00%	-%

* Acquired on 11 December 2014 following shareholder approval at the 2014 Annual General Meeting of shareholders.

Note 8. Events after the reporting period

No matter or circumstance has arisen since 31 December 2014 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.

**Prescient Therapeutics Limited
(Formerly known as Virax Holdings Limited)
Notes to the financial statements
31 December 2014**

Note 9. Deed of Company Arrangements and Restructuring Deed

On 24 August 2012 the Board resolved to place the Company into administration and Mr Laurie Fitzgerald and Mr Stephen Dixon were appointed Voluntary Administrators.

A Deed of Company Arrangement (“DoCA”) was proposed and considered by the Company’s creditors on 28 September 2012.

The DoCA provided for the creation of a creditors’ deed of trust and an opportunity for the Company to be restructured for a “cash consideration”. The DoCA was approved by Creditors on 28 September 2012. Under the DoCA the claims of the Company’s creditors as at the 24 August 2012 now reside within the trust. The DoCA was executed on 19 October 2012, as was the Virax Creditors Trust Deed. The Voluntary Administrators were appointed as Deed Administrators and Trustees. The purpose of the DoCA was to facilitate a reconstruction and recapitalisation of the Company with a view to having the Company relisted on the ASX.

Following the Administrators’ appointment, expressions of interest were sought from third parties for the reconstruction and recapitalisation of the Company.

Reconstruction of the Company

On 26 February 2013 (as amended on 21 June 2013) the Company, the Deed Administrators and Otsana Capital entered into a Reconstruction Deed, which embodied a Recapitalisation Proposal.

The Recapitalisation Proposal (as contained in the Explanatory Statement of 30 July 2013) involved the following:

- (a) The Company consolidated its existing securities on a one (1) for ten (10) basis, rounded to the nearest whole number (Consolidation). This occurred on 11 September 2013.
- (b) The Company issued the following securities under a transaction specific prospectus on 14 November 2013:
 - (i) 25,000,000 fully paid ordinary shares in the Company (Shares) issued at a price of \$0.00001 each raising \$250 (on a post-Consolidation basis)(Proponent Shares);
 - (ii) 500,000,000 Shares at an issue price of \$0.005 each raising \$2,500,000 (on a post-Consolidation basis) (General Placement Shares); and
 - (iii) 100,000,000 unquoted Options exercisable at an exercise price of \$0.005 each on or before 12 October 2017 at an issue price of \$0.00001 each, raising \$1,000 (on a post-Consolidation basis) (Proponent Options).
- (c) These securities were issued to persons nominated by Otsana to receive securities in the Company, in accordance with Resolution 2 of the Notice of Meeting dated 24 July 2013, and their associates (together, the Proponent Nominees). The proposed new directors of the Company, Dr. Brendan de Kauwe, Dr. Wayne Millen and Dr. Roland Toder (together the Proposed Directors) and their associates, participated as Proponent Nominees up to a maximum allocation as specified in the accompanying Explanatory Statement.
- (d) Of the funds raised from the issue of these securities, the Company paid \$500,000, subject to reduction of that amount to the extent of certain Virax Group liabilities which may be incurred up to Settlement of the Reconstruction Deed that will not be paid by the Trustees of the creditors’ trust created in accordance with the DOCA and certain additional audit and other costs associated with the Virax Group’s financial accounts and reports up until the financial year ended 30 June 2013 (Cash Consideration), to the Trustees of the Creditors’ Trust.
- (e) The Proposed Directors were appointed to the board of directors of the Company immediately upon the Recapitalisation Resolutions being passed at the Meeting. Following appointment of the Proposed Directors, the Company’s existing Directors resigned.

The Reconstruction Deed was subject to a number of conditions, including obtaining necessary shareholder approvals.

These shareholder approvals were provided in a general meeting on 30 August 2013.

**Prescient Therapeutics Limited
(Formerly known as Virax Holdings Limited)
Notes to the financial statements
31 December 2014**

Note 9. Deed of Company Arrangements and Restructuring Deed (continued)

The Prospectus was issued on 19 September 2013. The Company announced on 25 October 2013 that it had completed the recapitalisation proposal after receiving subscriptions in excess of the proposed maximum \$2,500,000 capital raising with the issue of the following securities:

- 500,000,000 ordinary shares of \$0.005 each raising \$2,500,000;
- 25,000,000 ordinary shares at \$0.00001 each raising \$250; and
- 100,000,000 unlisted options exercisable within 4 years at \$0.005 per ordinary share raising \$1,000.

At the time the Cash Consideration was paid to the Creditors' Trust (which occurred upon Settlement of the Reconstruction Deed):

1. the Deed Administrators perfected the assignment to the Creditors' trust of the Company's loan receivable from its subsidiary Virax Immunotherapeutics Pty Ltd (capped at the amount of \$8,269,756 less the Cash Consideration) as described in paragraph (d) above;
2. DOCA will terminated;
3. all admitted claims against the Company arising on or before 24 August 2012 (Claims) were released and compromised with those creditors' with Claims (Creditors) instead entitled to rights in respect of the Creditors' Trust; and
4. the Company retained its main business undertaking.

Following finalisation of all outstanding compliance matters on 13 November 2013, the Deed of Company Arrangement was fully effectuated and the Deed Administrators retired.

The Company sought the reinstatement to trading of its Shares on the ASX, and this was granted on 19 November 2013.

Note 10. Share-based payments

During the financial period, the consolidated entity granted a total of 2,000,000 options to Dr Robert Crombie, Managing Director, following shareholder approval received at the 2014 Annual General Meeting of shareholders held on 28 November 2014. A summary of the options granted are provided below:

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

31 December 2014

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	\$0.14	-	2,000,000	-	-	2,000,000
			-	2,000,000	-	-	2,000,000
Weighted average exercise price			\$0.00	\$0.14	\$0.00	\$0.00	\$0.14

**Prescient Therapeutics Limited
(Formerly known as Virax Holdings Limited)
Notes to the financial statements
31 December 2014**

Note 10. Share-based payments (continued)

Set out below are the options exercisable at the end of the financial half-year:

Grant date	Expiry date	31 December 2014 Number	30 June 2014 Number
28/11/2014	11/12/2018 - Series A	500,000	-
28/11/2014	11/12/2018 - Series B	500,000	-
28/11/2014	11/12/2018 - Series C	500,000	-
28/11/2014	11/12/2018 - Series D	500,000	-
		<u>2,000,000</u>	<u>-</u>

The weighted average share price during the financial half-year was \$0.14.

The weighted average remaining contractual life of options outstanding at the end of the financial half-year was 2 years.

For the options 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
28/11/2014 - Series A	11/12/2018	\$0.14	\$0.14	155.20%	-%	2.59%	\$0.129
28/11/2014 - Series B	11/12/2018	\$0.14	\$0.14	155.20%	-%	2.59%	\$0.080
28/11/2014 - Series C	11/12/2018	\$0.14	\$0.14	155.20%	-%	2.59%	\$0.099
28/11/2014 - Series D	11/12/2018	\$0.14	\$0.14	155.20%	-%	2.59%	\$0.112

The terms and conditions of the offer of the Options approved are as follows:

Series A – 500,000 options vested at grant date.

Series B - 500,000 options will vest if the share price equals/exceeds 3 cents over ten trading days in any twenty sequential trading days out of sixty days either side of the date which is one year after the date of grant and if Dr Robert Crombie is still an employee two years after grant;

Series C - 500,000 options will vest if the share price equals/exceeds 4 cents over ten trading days in any twenty sequential trading days out of sixty days either side of the date which is two years after the date of grant and if Dr Robert Crombie is still an employee three years after grant; and

Series D - 500,000 options will vest if the share price equals/exceeds 6 cents over ten trading days in any twenty sequential trading days out of sixty days either side of the date which is three years after the date of grant and if Dr Robert Crombie is still an employee four years after grant.

**Prescient Therapeutics Limited
(Formerly known as Virax Holdings Limited)
Notes to the financial statements
31 December 2014**

Note 11. Restatement of comparatives

In September 2013, as part of the recapitalisation of the Company, the Company issued 25,000,000 ordinary shares at \$0.00001 each and 100,000,000 unlisted options exercisable within 4 years at \$0.005 per ordinary share at \$0.00001 each to the proponent of the Company's recapitalisation, Otsana Pty Ltd (Otsana Capital), including a syndicate of investors nominated by Otsana Capital, being the Directors or their nominees and any other person nominated by Otsana Capital and their associates (together the Syndicate).

The shares and options issued to the syndicate were accounted for as part of the capital raising in the 31 December 2013 half year financial report. The allocation of options and shares to the Syndicate represents a share based payment.

Accordingly, the difference between the allocation proceeds received and the fair value of the instruments granted to the syndicate should have been recognised as a share based payment expense.

The error has been corrected by restating each of the affected 31 December 2013 half-year financial statement line items for the prior period, as follows:

Impact on Statement of Profit or Loss and other Comprehensive Income for the period ended 31 December 2013 (increase/(decrease)):

	\$
Share based payment expense	(472,500)
Net impact on loss for the year	<u><u>(472,500)</u></u>

Impact on Statement of Financial Position as at 31 December 2013:

	\$
Increase in reserves	472,500
Increase in accumulated losses	<u>(472,500)</u>
Impact on net assets	<u><u>-</u></u>

Impact on basic and diluted earnings per share (EPS) (increase/(decrease) in EPS):

	\$
Basic and diluted loss per share	(0.036)

The change did not have an impact on the Company's other comprehensive income and the operating, investing and financing cash flows for the period ended 31 December 2013.

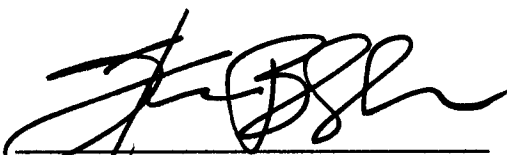
Prescient Therapeutics Limited
(Formerly known as Virax Holdings Limited)
Directors' declaration
31 December 2014

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2014 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

A handwritten signature in black ink, appearing to read 'S Engle', written over a horizontal line.

Mr Steven Engle
Non-executive Chairman

27 February 2015

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 2014, 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 2014 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, 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 2014 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



T G Dachs
Partner
Perth
27 February 2015