

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 2015
Previous period: For the half-year ended 31 December 2014

The information in this report should be read in conjunction with the most recent annual financial report, being the report for the year ended 30 June 2015.

2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	94.4% to	1,758
Loss from ordinary activities after tax attributable to the owners of Prescient Therapeutics Limited	down	41.4% to	(622,676)
Loss for the half-year attributable to the owners of Prescient Therapeutics Limited	down	41.4% to	(622,676)

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 \$622,676 (31 December 2014: \$1,063,251).

Revenues from ordinary activities have decreased by 94.40% to \$1,758 compared with the prior period due to less interest being received during the six month period to 31 December 2015.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>2.37</u>	<u>1.89</u>

4. Control gained over entities

Name of entities (or group of entities) Not Applicable

Date control gained Not Applicable

\$

Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material) -

Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) for the whole of the previous period (where material) -

5. Loss of control over entities

Name of entities (or group of entities) Not Applicable

Date control lost Not Applicable

5. Loss of control over entities (continued)

\$

Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material) -

Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) whilst controlled during the whole of the previous period (where material) -

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 2015 is attached.

12. Signed

Signed 
Mr Steven Engle

Date: 17 February 2016

Prescient Therapeutics Limited

ABN 56 006 569 106

Interim Report - 31 December 2015

Prescient Therapeutics Limited

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31 December 2015

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Prescient Therapeutics Limited
Corporate directory
31 December 2015

Directors	Mr Steven Engle (Non-executive Chairman) Mr Paul Hopper (Executive Director) Mr Steven Yatomi-Clarke (Managing Director and CEO) 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 4, 100 Albert Road South Melbourne VIC 3205
Share register	Automic Registry Services Suite 1a, Level 1 7 Ventnor Avenue West Perth, WA, 6005
Auditor	Ernst & Young 8 Exhibition Street Melbourne VIC 3000
Stock exchange listing	Prescient Therapeutics Limited shares are listed on the Australian Securities Exchange (ASX code: PTX)
Website	www.prescienttherapeutics.com

Prescient Therapeutics Limited
Directors' report
31 December 2015

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 2015.

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 (appointment Managing Director and CEO on 15 February 2016)
Dr Robert Crombie (resigned 15 October 2015)

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 \$622,676 (31 December 2014: \$1,063,251).

The net assets of the consolidated entity increased by \$1,134,352 to \$5,584,838 as at 31 December 2015 (30 June 2015: \$4,450,486). The main reason for the increase this financial half-year is due to the Share Purchase Plan and additional placement completed during the half-year raising approximately \$1,970,651 (before costs). The consolidated entity also accrued for the 30 June 2015 financial year and estimated six month to 31 December 2015 expected R&D tax rebate amounting to \$463K, and \$363K respectively. This is a movement of approximately \$615K compared to 30 June 2015 of which the accrued amount was \$211K.

The consolidated entity made a loss of \$622,676 during the financial half-year to 31 December 2015 (31 December 2014: \$1,063,251). This decrease in the loss this financial half-year mainly related to receipt of R&D tax concessions, whilst employment costs generally increased due to employment benefits amounts payable to Robert Crombie during the period and general increases in business development operations.

The consolidated entity's working capital, being current assets less current liabilities increased by \$1,131,857 to \$2,217,944 (30 June 2015: \$1,086,087).

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

PTX 200 Clinical Trials

During the period, the Company continued its Phase 1b/2 clinical study of novel cancer drug PTX-200 trial in breast cancer. The study is being conducted as an Investigator Sponsored Trial (IST) under the lead of Professor Joseph Sparano, Professor of Medicine & Obstetrics, Gynecology, and Women's Health at Montefiore Medical Center and the Albert Einstein College of Medicine and Cancer Center, and has been partially funded by the U.S. National Cancer Institute.

To date 17 patients with advanced cancer have been treated with Prescient's PTX-200 in combination with weekly paclitaxel chemotherapy in this Phase 1b study with early evidence of antitumor activity noted. PTX-200 inhibits an important tumor survival pathway known as Akt, which plays a key role in the development of many tumors, and contributes to paclitaxel resistance. Dose escalation of PTX-200 has proceeded to the third and final dose level, and the researchers will soon initiate an expansion cohort in 12 patients at the recommended Phase 2 dose of PTX-200 to better characterize the safety profile of the combination.

An additional Phase 1b/2 clinical trial of PTX-200 is underway in patients with recurrent or persistent platinum resistant ovarian cancer at the Moffitt Cancer Center, and Prescient recently received an IND allowance from the US FDA to conduct a Phase 1b/2 trial evaluating PTX-200 in combination with cytarabine in acute myeloid leukemia, a follow on from the Phase 1b study that has already completed.

Prescient Therapeutics Limited
Directors' report
31 December 2015

Management Changes

During the period, Dr Robert Crombie tendered his resignation as Managing Director and CEO of the Company.

On 15 February 2016, the Company announced the appointment of Mr Steven Yatomi-Clarke as Managing Director and CEO of the Company.

Significant changes in the state of affairs

During the half-year period, the Company issued 17,174,368 fully paid ordinary shares at an issue price of \$0.054 (5.4 cents) per share raising \$927,421.17 before costs pursuant to the Company's Share Purchase Plan Offer dated 29 October 2015.

On 30 November 2015, the Company issued 19,319,076 fully paid ordinary shares at an issue price \$0.054 (5.4 cents) per share as part of a Top-up Placement, as announced on 25 November 2015, raising \$1,043,230.10 before costs.

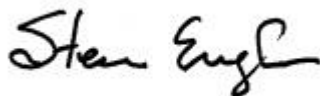
There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

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



Mr Steven Engle
Non-Executive Chairman

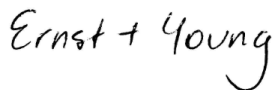
17 February 2016

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 2015, 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



Joanne Lonergan
Partner
17 February 2016

Prescient Therapeutics Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2015

		Consolidated	
	Note	31 December 2015	31 December 2014
		\$	\$
Revenue		1,758	31,145
Other income	3	710,191	-
Expenses			
Research and development costs		(439,042)	(401,143)
Corporate expenses		(486,780)	(333,488)
Administrative expenses		(48,510)	(95,804)
Occupancy expenses		(16,529)	(5,569)
Foreign exchange		47,828	(12,492)
Employment expenses		(347,941)	(197,566)
Share based payments		(43,651)	(48,334)
Loss before income tax expense		(622,676)	(1,063,251)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Prescient Therapeutics Limited		(622,676)	(1,063,251)
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>(622,676)</u>	<u>(1,063,251)</u>
		Cents	Cents
Basic earnings per share		(0.97)	(2.28)
Diluted earnings per share		(0.97)	(2.28)

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 2015

		Consolidated	
	Note	31 December	30 June 2015
		2015	2015
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		1,929,952	1,042,896
Trade and other receivables		36,271	216,360
Other	4	869,372	265,464
Total current assets		<u>2,835,595</u>	<u>1,524,720</u>
Non-current assets			
Intangibles	5	<u>3,366,894</u>	<u>3,366,894</u>
Total non-current assets		<u>3,366,894</u>	<u>3,366,894</u>
Total assets		<u>6,202,489</u>	<u>4,891,614</u>
Liabilities			
Current liabilities			
Trade and other payables		604,985	416,834
Employee benefits		12,666	21,799
Total current liabilities		<u>617,651</u>	<u>438,633</u>
Non-current liabilities			
Employee benefits		-	2,495
Total non-current liabilities		<u>-</u>	<u>2,495</u>
Total liabilities		<u>617,651</u>	<u>441,128</u>
Net assets		<u>5,584,838</u>	<u>4,450,486</u>
Equity			
Issued capital	6	45,770,585	43,994,092
Reserves		556,038	575,503
Accumulated losses		(40,741,785)	(40,119,109)
Total equity		<u>5,584,838</u>	<u>4,450,486</u>

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 2015

Consolidated	Issued capital \$	Share Based Payments Reserves \$	Retained profits \$	Total equity \$
Balance at 1 July 2014	42,496,592	43,464	(37,513,234)	5,026,822
Adjustment for correction of error	-	472,500	(472,500)	-
Balance at 1 July 2014 - restated	42,496,592	515,964	(37,985,734)	5,026,822
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 (note 12)	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>

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)
<i>Transactions with owners in their capacity as owners:</i>					
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 12)	-	-	(54,895)	-	(54,895)
Capital raising costs	(194,158)	-	-	-	(194,158)
Balance at 31 December 2015	<u>45,770,585</u>	<u>-</u>	<u>556,038</u>	<u>(40,741,785)</u>	<u>5,584,838</u>

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 2015

		Consolidated	
	Note	31 December 2015	31 December 2014
		\$	\$
Cash flows from operating activities			
Payments to suppliers (inclusive of GST)		(891,195)	(983,075)
Interest received		1,758	31,145
		<u> </u>	<u> </u>
Net cash used in operating activities		<u>(889,437)</u>	<u>(951,930)</u>
Cash flows from investing activities			
Payments for intangibles	5	<u>-</u>	<u>(526,817)</u>
Net cash used in investing activities		<u>-</u>	<u>(526,817)</u>
Cash flows from financing activities			
Proceeds from issue of shares	6	1,970,651	-
Capital raising costs		<u>(194,158)</u>	<u>-</u>
Net cash from financing activities		<u>1,776,493</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		887,056	(1,478,747)
Cash and cash equivalents at the beginning of the financial half-year		<u>1,042,896</u>	<u>3,808,562</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>1,929,952</u></u>	<u><u>2,329,815</u></u>

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

Prescient Therapeutics Limited
Notes to the financial statements
31 December 2015

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 17 February 2016.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2015 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 2015 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.

Any new, revised or amending 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 2015 of the consolidated entity results in an excess of current assets over current liabilities of \$2,217,944 (30 June 2015: \$1,086,087 excess). The consolidated entity made a loss after tax of \$622,676 during the financial half-year (2014: \$1,063,251 from continuing operations) and the net operating cash outflow was \$889,437 (2014: \$951,930 net outflow). The cash balance as at 31 December 2015 was \$1,929,952 (30 June 2015: \$1,042,896).

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 2. Significant accounting policies (continued)

Whilst the directors are confident in the consolidated entity's ability to continue as a going concern, in the event future potential capital raising initiatives and commercial opportunities do not eventuate, there is significant uncertainty as to whether the consolidated entity will be able to generate sufficient net operating cash inflows or execute alternative funding arrangements to enable it to continue as a going concern. Consequently, material uncertainty exists as to whether the consolidated entity will continue as a going concern and it may therefore be required to realise assets, extinguish liabilities at amounts different to those recorded in the balance sheet and settle liabilities other than in the ordinary course of business.

Note 3. Other income

	Consolidated	
	31 December 2015	31 December 2014
	\$	\$
Research and Development Tax Concession	<u>710,191</u>	<u>-</u>

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 45% on the eligible R&D expenditure incurred on eligible R&D activities.

The 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 Comprehensive Income.

During the half year ended 31 December 2015 Prescient has recognised \$710k in income from these offsets, of this amount claims for the 2014 and 2015 financial years of which \$211K was accounted for at 30 June 2015. The Company was not certain of the final amount until the return was lodged following the completion of the 2015 Annual Report. Approximately \$363k relates to the expected refunds in relation to the half year to 31 December 2015 which have been accounted for as at 31 December 2015.

Note 4. Current assets - other

	Consolidated	
	31 December 2015	30 June 2015
	\$	\$
Accrued revenue	826,762	211,119
Prepayments	38,830	50,565
Security deposits	<u>3,780</u>	<u>3,780</u>
	<u>869,372</u>	<u>265,464</u>

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 45% on the eligible R&D expenditure incurred on eligible R&D activities.

During the half-year ended 31 December 2015, Prescient accounted for under accrued revenue the 30 June 2015 R&D refund, which was subsequently received post reporting period end amounting to approximately \$463K. Prescient also accounted for the estimated and expected R&D refund for the six month period to 31 December 2015 amounting approximately \$363K.

Note 5. Non-current assets - intangibles

	Consolidated	
	31 December	30 June 2015
	2015	2015
	\$	\$
Intellectual property - at cost	<u>3,366,894</u>	<u>3,366,894</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 2015	<u>3,366,894</u>	<u>3,366,894</u>
Balance at 31 December 2015	<u>3,366,894</u>	<u>3,366,894</u>

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) 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 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.

Note 5. Non-current assets - intangibles (continued)

Pathway Reconciliation

In June 2015 the Company satisfied milestone 1 and issued 4,500,000 shares to the vendors of Pathway. The market value of the shares at the time of issue was \$0.067 (6.7 cents) equating to an additional acquisition consideration of \$301,500.

Therefore the total cost of the acquisition shares recognised as at 31 December 2015 are as follows:

-	Consideration shares	\$ 480,000
-	Tranche 1 shares	\$ 360,000
-	Tranche 2 shares	\$ 360,000
-	Milestone 1 shares	\$ 301,500
-	Acquisition costs	\$ 123,676
-	Cash payment	\$ 25,000
	Total cost of acquisition shares	\$1,650,176

Acquisition of AKTivate Therapeutics Pty Ltd

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.

Prescient Therapeutics Limited
Notes to the financial statements
31 December 2015

Note 5. Non-current assets - intangibles (continued)

AKTivate Reconciliation

The total cost of the acquisition shares recognised as at 31 December 2015 are as follows:

-	Tranche 1 shares	\$ 871,000
-	Tranche 2 shares	\$ 325,000
-	Cash payment	\$ 364,511
-	Acquisition costs	\$ 156,207
	Total cost of acquisition shares	\$1,716,718

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

Note 6. Equity - issued capital

	Consolidated			
	31 December 2015 Shares	30 June 2015 Shares	31 December 2015 \$	30 June 2015 \$
Ordinary shares - fully paid	<u>93,741,665</u>	<u>57,248,221</u>	<u>45,770,585</u>	<u>43,994,092</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2015	57,248,221		43,994,092
Share Purchase Plan Issue	23 November 2015	17,174,368	\$0.054	927,421
Additional Share Placement	30 November 2015	19,319,076	\$0.054	1,043,230
Capital Raising Cost		<u>-</u>	<u>-</u>	<u>(194,158)</u>
Balance	31 December 2015	<u>93,741,665</u>		<u>45,770,585</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 7. Equity - dividends

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

Note 8. Contingent assets and contingent liabilities

The Company had a number of consideration Tranche shares in accordance with the AKTivate and Pathway acquisition that have not been issued due to certain milestone criteria not having been met as at 31 December 2015. 5,000,004 consideration shares in relation to Tranche 2 of the AKTivate acquisition remain un-issued as at 31 December 2015 subject to a number of milestones yet to be met. 4,500,000 consideration shares in relation to Tranche 3 of the Pathway acquisition remain un-issued as at 31 December 2015 subject to certain milestones yet to be met.

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

Prescient Therapeutics Limited
Notes to the financial statements
31 December 2015

Note 9. Related party transactions

Parent entity

Prescient Therapeutics Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 10.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	31 December 2015	31 December 2014
	\$	\$
Payment for other expenses:		
Other expenses paid to other related party *	184,422	-

* During the financial half-year to 31 December 2015, fees were paid to Patersons Corporate Finance, an entity of which Mr Steven Yatomi Clarke was an employee, relating to capital raising costs associated with the Share Purchase Plan and additional Placement.

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.

Terms and conditions

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

Note 10. 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 2015	30 June 2015
		%	%
Pathway Oncology Pty Ltd	Australia	100.00%	100.00%
AKTivate Therapeutics Pty Ltd *	Australia	100.00%	100.00%
Virax Immunotherapeutics Pty Ltd	Australia	100.00%	100.00%

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

Note 11. Events after the reporting period

No matter or circumstance has arisen since 31 December 2015 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
Notes to the financial statements
31 December 2015

Note 12. Share-based payments

Set out below are summaries of options granted:

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
12/10/2013	12/10/2017	\$0.010	4,385,000	-	-	-	4,385,000
04/11/2015	04/11/2018	\$0.085	-	700,000	-	-	700,000
23/11/2015	20/10/2020	\$0.060	-	200,000	-	-	200,000
			<u>6,385,000</u>	<u>900,000</u>	<u>-</u>	<u>(1,500,000)</u>	<u>5,785,000</u>

During the financial half-year the consolidated entity entered into an agreement with an investor relations Company to provide various investor related public relations services. As part of this agreement Prescient will provide compensation to the investor relations provider in various forms including the grant of a total of 1,300,000 unlisted options which comprise of various vesting conditions. As at 31 December 2015 the Company had yet to grant these options.

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	\$0.140	-	2,000,000	-	-	2,000,000
12/10/2013	12/10/2017	\$0.010	87,700,000	-	-	(83,315,000)	4,385,000
			<u>87,700,000</u>	<u>2,000,000</u>	<u>-</u>	<u>(83,315,000)</u>	<u>6,385,000</u>

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

Grant date	Expiry date	31 December 2015 Number	31 December 2014 Number
11/12/2014	11/12/2018	500,000	2,000,000
06/05/2015	06/05/2018	300,000	-
12/10/2013	12/10/2017	4,385,000	4,385,000
04/11/2015	04/11/2018	700,000	-
23/11/2015	20/10/2020	200,000	-
		<u>6,085,000</u>	<u>6,385,000</u>

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

Prescient Therapeutics Limited
Notes to the financial statements
31 December 2015

Note 12. Share-based payments (continued)

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
11/12/2014	11/12/2018	\$0.140	\$0.140	155.20%	-	2.59%	\$0.129
11/12/2014	11/12/2018	\$0.140	\$0.140	155.20%	-	2.59%	\$0.080
11/12/2014	11/12/2018	\$0.140	\$0.140	155.20%	-	2.59%	\$0.099
11/12/2014	11/12/2018	\$0.140	\$0.140	155.20%	-	2.59%	\$0.112
06/05/2015	06/05/2018	\$0.086	\$0.092	131.75%	-	2.18%	\$0.064
06/05/2015	06/05/2018	\$0.086	\$0.092	131.75%	-	2.18%	\$0.064
06/05/2015	06/05/2018	\$0.086	\$0.092	131.75%	-	2.18%	\$0.064
12/10/2013	12/10/2017	\$0.000	\$0.010	100.00%	-	3.16%	\$0.350
04/11/2015	04/11/2018	\$0.085	\$0.085	96.38%	-	1.90%	\$0.032
23/11/2015	20/10/2020	\$0.072	\$0.060	92.26%	-	2.40%	\$0.053

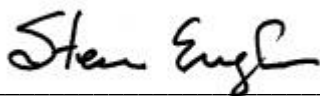
Prescient Therapeutics Limited
Directors' declaration
31 December 2015

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 2015 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

17 February 2016

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 2015, 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 2015 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.

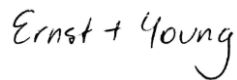
Conclusion

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 2015 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*.

Material uncertainty regarding continuation as a going concern

Without qualification to the conclusion expressed above, attention is drawn to the following matter. As a result of matters described in Note 2 'Basis of Preparation' to the half-year financial report, there is material uncertainty whether the consolidated entity will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the half-year financial report. The half-year financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.



Ernst & Young



Joanne Lonergan
Partner
Melbourne
17 February 2016