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 2018
Previous period:	For the half-year ended 31 December 2017

2. Results for announcement to the market

				$
Revenues from ordinary activities	down	36.1%	to	43,566
Loss from ordinary activities after tax attributable to the owners of Prescient Therapeutics Limited	up	35.1%	to	(1,594,455)
Loss for the half-year attributable to the owners of Prescient Therapeutics Limited	up	35.1%	to	(1,594,455)

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 $1,594,455 (31 December 2017: $1,180,179).

Financial performance
The consolidated entity has accounted for an estimated research and development incentive rebate for the half year amounting to $694,176. There was a $711,765 increase of operating expenses mainly driven by an increase of $640,979 in research and development activity and associated costs. This was a result of increased drug manufacturing across PTX-100 and PTX-200. Furthermore, during the comparative period a clinical hold was in place for PTX-200 clinical trials.

Financial position
Net assets of $7,976,851 have decreased by $1,462,412 (June 2018: $9,439,263). This was due to cash reserves decreasing by $2,176,037, offset by an increase in the research and development incentive rebate receivable. Subsequent to the end of the half year period, the consolidated entity received $939,423 relating to the 2018 financial year research and development rebate.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	2.18	2.87

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.

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. The financial report contains an unmodified review report with an emphasis of matter paragraph relating to the consolidated entity's ability to continue as a going concern.

11. Attachments

Details of attachments (if any):

The Interim Report of Prescient Therapeutics Limited for the half-year ended 31 December 2018 is attached.

12. Signed

Signed Steven Engle   Date: 21 February 2019

Mr Steven Engle
Non-Executive Chairman

Prescient Therapeutics Limited

ABN 56 006 569 106

Interim Report - 31 December 2018

Directors	Mr Steven Yatomi-Clarke (Managing Director and CEO) Mr Steven Engle (Non-executive Chairman) Mr Paul Hopper (Non-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 Fax: 03 9077 9233
Principal place of business	Level 4, 100 Albert Road South Melbourne VIC 3205
Share register	Automic Registry Services Level 5 126 Phillip Street Sydney NSW 2000 Ph: 02 9698 5414
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	https://ptxtherapeutics.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 2018.

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 $1,594,455 (31 December 2017: $1,180,179).

Financial performance

The consolidated entity has accounted for an estimated research and development incentive rebate for the half year amounting to $694,176. There was a $711,765 increase of operating expenses mainly driven by an increase of $640,979 in research and development activity and associated costs. This was a result of increased drug manufacturing across PTX-100 and PTX-200. Furthermore, during the comparative period a clinical hold was in place for PTX-200 clinical trials.

Financial position

Net assets of $7,976,851 have decreased by $1,462,412 (June 2018: $9,439,263). This was due to cash reserves decreasing by $2,176,037, offset by an increase in the research and development incentive rebate receivable. Subsequent to the end of the half year period, the consolidated entity received $939,423 relating to the 2018 financial year research and development rebate.

Below is a summary of the Company’s operations during the period.

Clinical Manufacturing Progress

PTX-100

During the period, the Company continued the substantial preparation required for the upcoming pharmacokinetic (PK) and pharmacodynamic (PD) clinical study of PTX-100 in several different cancers. In September 2018 Prescient confirmed an improved manufacturing process that will help ensure supply of PTX-100 drug product for the upcoming PK/PD study.

PTX-200

In August 2018, Prescient reported encouraging efficacy signals for lead compound PTX-200 in combination with chemotherapy to treat patients with relapsed or refractory acute myeloid leukemia (AML). The Phase 1b study completed its enrolment targets to schedule, with two patients having complete responses (eradication of disease). Together with medical investigators, it was decided to expand the study and add an exploratory arm to identify the optimal dose of PTX-200 with chemotherapy with a lower chemotherapy dose.

In December 2018, Prescient received positive interim durability data from the study of PTX-200 in breast cancer. The data demonstrated that not only were all five responders still alive at 27 months, but no patients had experienced disease progression in the same period. This is a very encouraging development, as global cancer statistics indicate many women typically relapse within 24 months.

<u>Pipeline collaboration for next generation formulations</u>
In October 2018 quarter Prescient entered an important strategic collaboration with a privately held US-based drug development company to develop multiple new formulations of PH domain and Akt inhibitors. This significant development will help create clinical and shareholder value by expanding the clinical and therapeutic applications in targeted cancer therapy. It will create new intellectual property and multiple new proprietary formulations and builds on Prescient's knowledge arising from its development of PTX-200. Prescient looks forward to sharing material developments with the market as this exciting program advances.

<u>Expanding intellectual property protection</u>
Prescient continued to expand its patent estate and protection around its lead assets in key markets and for multiple therapeutic applications. In September 2018 the Company announced it received a Notice of Allowance for a new patent covering PTX-200 for the treatment of cancer in Canada. In July 2018 a Notice of Allowance from the US Patent Office was received for a new patent covering the Company's lead compound for the treatment of ovarian cancer in the United States.

<u>Positive industry developments in target cancer therapies</u>

The reporting period saw global investor interest in targeted cancer therapies accelerate on the back of strong clinical outcomes, early stage market approvals and a favourable regulatory environment.

Several major partnerships and acquisitions were announced, the largest to date was US-based Eli Lilly & Co's US$8 billion January acquisition of targeted cancer therapy developer Loxo Oncology Inc. Phama giant GlaxoSmithKline also purchased targeted cancer drug developer Tesaro for US$5.1 billion and Bristol-Myers Squibb announced plans for a US$74 billion megamerger with drug developer Celgene. Like Prescient, Loxo, Tesaro and others are developing targeted therapies for cancer patients cancer treatments targeting specific tumor mutations. The team at Prescient is encouraged by the positive commercial and clinical advances among a growing number of companies in the targeted cancer therapy industry.

<u>Investor, shareholder and industry engagement</u>

In addition to working with many of the world's leading cancer specialists, Prescient continued its active program of engagement with leading local and international investors. In September 2018, CEO and Managing Director Steven Yatomi-Clarke provided an update on the Company's clinical progress and growth strategy to the annual Rodman & Renshaw Global Investment Conference in New York, one of the leading international healthcare investment events. The Prescient team was also present at the American Society of Hematology (ASH) and the San Antonio Breast Cancer Symposium (SABCS), where management met with its participating clinicians, corporates ad investors.

Prescient remains focused on rapidly advancing its highly promising cancer drug pipeline with the collaboration and support of a world class medical, clinical and management team.

Significant changes in the state of affairs
On 5 July 2018, a total of 18,541 fully paid ordinary shares were issued through a conversion of options.

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

Matters subsequent to the end of the financial half-year
On the 15 January 2019, the consolidated entity announced that it had received $939,423 relating to the research and development tax incentive rebate for the 2018 financial year.

No other matter or circumstance has arisen since 31 December 2018 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.

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

21 February 2019

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 2018, 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.

This declaration is in respect of Prescient Therapeutics Limited and the entities it controlled during the financial period.

Ernst + Young

Ernst & Young

Joanne Lonergan
Partner
21 February 2019

Prescient Therapeutics Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2018

	Note	Consolidated 31 December 2018 $	31 December 2017 $
Revenue	4	43,566	68,187
Other income	5	710,614	388,504
Expenses			
Research and development costs		(1,538,057)	(897,078)
Employment expenses		(199,817)	(164,977)
Corporate expenses		(314,533)	(338,604)
Administrative expenses		(178,866)	(145,831)
Share based payments		(128,705)	(61,926)
Finance costs		(3,301)	-
Foreign exchange movements		14,644	(28,454)
Loss before income tax expense		(1,594,455)	(1,180,179)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Prescient Therapeutics Limited		(1,594,455)	(1,180,179)
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		(1,594,455)	(1,180,179)
		Cents	**Cents**
Basic earnings per share	13	(0.75)	(0.56)
Diluted earnings per share	13	(0.75)	(0.56)

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

	Note	Consolidated 31 December 2018 $	30 June 2018 $
Assets			
Current assets			
Cash and cash equivalents		3,309,865	5,485,902
Trade and other receivables		17,208	45,530
Short Term Investments		20,000	20,000
Prepayments		140,388	91,750
Other Current Assets	6	1,633,350	978,467
Total current assets		5,120,811	6,621,649
Non-current assets			
Property, plant and equipment		1,523	2,280
Intangibles		3,366,894	3,366,894
Total non-current assets		3,368,417	3,369,174
Total assets		8,489,228	9,990,823
Liabilities			
Current liabilities			
Trade and other payables		402,824	407,026
Borrowings	7	-	56,046
Employee benefits		98,476	80,703
Total current liabilities		501,300	543,775
Non-current liabilities			
Employee benefits		11,077	7,785
Total non-current liabilities		11,077	7,785
Total liabilities		512,377	551,560
Net assets		7,976,851	9,439,263
Equity			
Issued capital	8	55,574,021	55,570,683
Reserves	9	925,009	883,194
Accumulated losses		(48,522,179)	(47,014,614)
Total equity		7,976,851	9,439,263

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 2018

Consolidated	Issued capital $	Share Based Payments Reserves $	Retained profits $	Share Loan Plan Reserve $	Total equity $
Balance at 1 July 2017	55,497,148	682,199	(44,440,884)	46,490	11,784,953
Loss after income tax expense for the half-year	-	-	(1,180,179)	-	(1,180,179)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	(1,180,179)	-	(1,180,179)
Transactions with owners in their capacity as owners:					
Share-based payments (note 14)	-	22,079	-	39,848	61,927
Balance at 31 December 2017	55,497,148	704,278	(45,621,063)	86,338	10,666,701

Consolidated	Issued capital $	Share Based Payments Reserve $	Accumulated losses $	Share Loan Plan Reserve $	Total equity $
Balance at 1 July 2018	55,570,683	757,008	(47,014,614)	126,186	9,439,263
Loss after income tax expense for the half-year	-	-	(1,594,455)	-	(1,594,455)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	(1,594,455)	-	(1,594,455)
Transactions with owners in their capacity as owners:					
Share-based payments (note 14)	-	-	-	39,848	39,848
Contribution of equity	3,338	-	-	-	3,338
Lapsed ESOP Options	-	(86,890)	86,890	-	-
ESOP Options issued	-	88,857	-	-	88,857
Balance at 31 December 2018	55,574,021	758,975	(48,522,179)	166,034	7,976,851

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 2018

	Consolidated	
	31 December 2018 $	**31 December 2017 $**
Cash flows from operating activities		
Payments to suppliers (inclusive of GST)	(2,193,006)	(1,725,061)
Interest received	54,433	69,442
Other revenue	16,438	-
Interest paid	(3,301)	-
Net cash used in operating activities	(2,125,436)	(1,655,619)
Cash flows from investing activities		
Payments for property, plant and equipment	-	(1,522)
Net cash used in investing activities	-	(1,522)
Cash flows from financing activities		
Proceeds from issue of shares	3,337	-
Repayment of borrowings	(56,046)	-
Net cash used in financing activities	(52,709)	-
Net decrease in cash and cash equivalents	(2,178,145)	(1,657,141)
Cash and cash equivalents at the beginning of the financial half-year	5,485,902	7,645,388
Effects of exchange rate changes on cash and cash equivalents	2,108	(923)
Cash and cash equivalents at the end of the financial half-year	3,309,865	5,987,324

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 21 February 2019.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 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 2018 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.

Going concern

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and realisation of assets and liabilities in the ordinary course of business. The going concern of the consolidated entity is dependent upon it maintaining sufficient funds for its operations and commitments.

The working capital position as at 31 December 2018 of the consolidated entity results in an excess of current assets over current liabilities of $4,619,511 (30 June 2018: $6,077,874). The consolidated entity made a loss after tax of $1,594,455 during the half year (2017: loss of $1,180,179) and the net operating cash outflow was $2,125,436 (2017: $1,655,619 net outflow).

The cash balance as at 31 December 2018 was $3,309,865 (30 June 2018: $5,485,902). The consolidated entity had recorded for a receivable amount in relation to its R&D tax incentive grant for the 2018 financial year amounting to $939,174 which was received subsequent to 31 December 2018.

The Directors are of the opinion that the consolidated entity will require additional funding to ensure its continued viability and ability to operate as a going concern for a period of at least 12 months from the date of approval of the financial statements. Based on the Company’s track record of raising capital and the status of ongoing discussions with various parties, the Directors are confident additional funding will be secured. The Directors are therefore of the opinion that the financial report has been appropriately prepared on a going concern basis.

Whilst the directors are confident in the consolidated entity's ability to continue as a going concern, in the event future potential funding initiatives and commercial opportunities do not eventuate, there is 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, 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.

Spare accounting policy for Interim Report

The principal accounting policies adopted are consistent with the most recent Annual Report for the year ended 30 June 2018, except for the changes outlined below within new or amended Accounting Standards and Interpretations adopted.

Note 2. Significant accounting policies (continued)

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.

The consolidated entity has adopted the following Accounting Standards and Interpretations.

AASB 9 Financial Instruments
The consolidated entity has adopted AASB 9 from 1 July 2018.

Financials asset are measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. Debt investments are measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the consolidated entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI').

Allowances for impairment are recognised using an 'expected credit loss' ('ECL') model. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

In applying AASB 9, there were no material adjustments required or impact on the financial statements.

AASB 15 Revenue from Contracts with Customers
The consolidated entity has adopted AASB 15 from 1 July 2018. Revenue from contracts with customers is recognised to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This is based on a contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in the statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract are, subject to certain criteria, capitalised as an asset and amortised over the contract period.

In applying AASB 15, the consolidated entity has elected to use the modified retrospective method. On applying this standard, there were no material adjustments required or impact on the financial statements.

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. Revenue

	Consolidated	
	31 December 2018 $	31 December 2017 $
Interest income	43,566	68,187

Note 5. Other income

	Consolidated	
	31 December 2018 $	31 December 2017 $
R&D tax incentive receivable	694,176	388,504
Other government grants	16,438	-
Other income	710,614	388,504

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% on the eligible R&D expenditure incurred on eligible R&D activities. The refundable R&D tax offset is accounted for under AASB 120 Accounting for Government Grants and Disclosure of Government Assistance.

During the half year, the consolidated entity recognised R&D tax incentive revenue of $694,176 (31 December 2017: $388,504).

During the half year, the consolidated entity claimed and received business growth grants from the Department of Industry, Innovation and Science.

Note 6. Current assets - Other Current Assets

	Consolidated	
	31 December 2018 $	30 June 2018 $
R&D tax incentive receivable	1,633,350	939,174
Other current assets	-	39,293
	1,633,350	978,467

During the half year, the consolidated entity recognised R&D tax incentive revenue of $694,176. On the 15 January 2019, the consolidated entity received $939,423 in relation to the 2018 financial year R&D tax incentive.

Note 7. Current liabilities - borrowings

	Consolidated	
	31 December 2018 $	30 June 2018 $
Premium financing	-	56,046

The consolidated entity settled the last instalment of its premium finance arrangement at the end of December 2018.

Note 8. Equity - issued capital

	Consolidated			
	31 December 2018 Shares	30 June 2018 Shares	31 December 2018 $	30 June 2018 $
Ordinary shares - fully paid	211,883,062	211,864,521	55,574,021	55,570,683

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2018	211,864,521		55,570,683
Options Conversion	5 July 2018	18,541	$0.18	3,338
Balance	31 December 2018	211,883,062		55,574,021

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 9. Equity - reserves

	Consolidated	
	31 December 2018 $	30 June 2018 $
Share based payments reserve	758,975	757,008
Share loan plan reserve	166,034	126,186
	925,009	883,194

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.

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 Group.

Note 12. Events after the reporting period

On the 15 January 2019, the consolidated entity announced that it had received $939,423 relating to the research and development tax incentive rebate for the 2018 financial year.

No other matter or circumstance has arisen since 31 December 2018 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 13. Earnings per share

	Consolidated	
	31 December 2018 $	31 December 2017 $
Loss after income tax attributable to the owners of Prescient Therapeutics Limited	(1,594,455)	(1,180,179)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	211,882,155	209,957,838
Weighted average number of ordinary shares used in calculating diluted earnings per share	211,882,155	209,957,838
	Cents	**Cents**
Basic earnings per share	(0.75)	(0.56)
Diluted earnings per share	(0.75)	(0.56)

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 14. Share-based payments

Set out below is a summary of options granted and on issue at the end of the half year.

Note 14. Share-based payments (continued)

31 December 2018

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	$0.136	500,000	-	-	(500,000)	-
04/11/2015	04/11/2018	$0.081	700,000	-	-	(700,000)	-
23/11/2015	20/10/2020	$0.056	200,000	-	-	-	200,000
21/12/2016	21/12/2019	$0.119	864,000	-	-	-	864,000
20/04/2017	21/12/2019	$0.121	1,600,000	-	-	-	1,600,000
16/05/2017	16/05/2021	$0.116	1,000,000	-	-	-	1,000,000
10/05/2018	10/05/2022	$0.137	2,200,000	-	-	-	2,200,000
20/11/2018	19/11/2022	$0.116	-	2,000,000	-	-	2,000,000
			7,064,000	2,000,000	-	(1,200,000)	7,864,000

During the period, the company granted and issued 2,000,000 unlisted options to Mr Steven Yatomi-Clarke in accordance with the company's Employee Option Plan (EOP).

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
20/11/2018	19/11/2022	$0.076	$0.116	82.02%	-	2.13%	$0.0392

Accounting policy for share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- During the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- From the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

Note 14. Share-based payments (continued)

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

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 2018 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

Steven Engle

Mr Steven Engle
Non-Executive Chairman

21 February 2019

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Independent Auditor's Review Report to the Members of Prescient Therapeutics Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Prescient Therapeutics Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2018, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and of its consolidated financial 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*.

Emphasis of Matter – Material Uncertainty Related to Going Concern

Without qualifying our opinion, we draw attention to Note 2 in the financial report which describes the principal conditions that indicate the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern. Therefore, the entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2018 and its consolidated financial 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 the Group, 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*.

Ernst + Young

Ernst & Young

J Lonergan

Joanne Lonergan
Partner
Melbourne
21 February 2019