



# PHYLOGICA

BREAKTHROUGH PEPTIDE THERAPEUTICS

## Appendix 4E

### Preliminary final report

Year ended 30 June 2015

Results for announcement to the market:			Current period (\$A'000)		Previous corresponding period (\$A'000)
<b>Revenues from ordinary activities</b> <i>(item 1.1)</i>	Up 9.44%	To	904	From	826
<b>Profit (loss) from ordinary activities after tax attributable to members</b> <i>(item 1.22)</i>	Down 8.19%	To	(2,991)	From	(3,258)
<b>Net profit (loss) for the period attributable to members</b> <i>(item 1.11)</i>	Down 8.19%	To	(2,991)	From	(3,258)
<b>Dividends</b>					
There are no dividend or distribution reinvestment plans in operation and there have been no dividend or distribution payments during the financial year ended 30 June 2015.					
<b>Comments</b>					
Subsequent to the end of the financial year the Company concluded an entitlement issue, raising \$8,792,126, after costs of the issue, from the allotment of 1,002,069,367 shares at \$0.01 per share.					
<b>Net tangible assets per ordinary security</b>			<b>30 June 2015</b>		<b>30 June 2014</b>
Net tangible assets			\$962,033		\$3,718,659
Number of shares on issue at reporting date			1,002,069,367		1,002,069,367
Net tangible assets per ordinary security			0.096 cents		0.374 cents
<b>Control Gained or Lost over Entities</b>					
Not applicable					
<b>Associates and joint ventures</b>					
Not applicable					
<b>Foreign Entities Accounting Framework</b>					
Not applicable					
<b>Audit/Review Status</b>					
This Appendix 4E and the attached preliminary consolidated statements are based on accounts which are in the process of being audited.					
<b>The attached preliminary consolidated financial report for the year ended 30 June 2015 forms part of this Appendix 4E. This report should be read in conjunction with the Phylogica Limited 2015 Annual Financial Report and the notes contained therein.</b>					

# PHYLOGICA

BREAKTHROUGH PEPTIDE THERAPEUTICS

**Preliminary Consolidated Statement of Comprehensive Income**  
**For the year ended 30 June 2015**

	<i>Note</i>	<b>Consolidated</b>	
		<b>2015</b>	<b>2014</b>
		<b>\$</b>	<b>\$</b>
<b>Continuing Operations</b>			
Commercial income		763,393	692,150
Government grant income		50,000	6,500
Net interest income		75,319	86,478
Other income		15,741	40,741
Contract research costs		(2,744,150)	(2,670,032)
Personnel expenses	4	(1,088,833)	(1,111,135)
Depreciation		(212,235)	(214,256)
Professional services		(541,460)	(433,957)
Travel and accommodation		(211,054)	(241,959)
Intellectual property maintenance		(253,036)	(372,946)
Laboratory consumables		(581,264)	(576,475)
Occupancy costs		(14,428)	(14,888)
Other operating expenses		(215,953)	(239,881)
<b>Loss before income tax expense</b>		<u>(4,957,960)</u>	<u>(5,049,660)</u>
Income tax benefit		1,966,480	1,791,965
<b>Net loss for the period</b>		<u>(2,991,480)</u>	<u>(3,257,695)</u>
<b>Other comprehensive income for the period, net of tax</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive loss for the period</b>		<u>(2,991,480)</u>	<u>(3,257,695)</u>
<b>Total comprehensive loss for the period attributable to the members of Phylogica Limited</b>		<u>(2,991,480)</u>	<u>(3,257,695)</u>
		<b>Cents</b>	<b>Cents</b>
Basic loss per share	5	(0.30)	(0.44)
Diluted loss per share	5	(0.30)	(0.44)

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

**Preliminary Consolidated Statement of Financial Position**  
**As at 30 June 2015**

	<i>Note</i>	<b>Consolidated</b>	
		<b>2015</b>	<b>2014</b>
		<b>\$</b>	<b>\$</b>
<b>Current assets</b>			
Cash and cash equivalents	6	1,475,869	4,021,588
Trade and other receivables	7	119,455	172,345
Prepayments		27,943	-
<b>Total current assets</b>		1,623,267	4,193,933
<b>Non-current assets</b>			
Plant and equipment	8	162,572	330,202
Other financial assets		15	-
<b>Total non-current assets</b>		162,587	330,202
<b>Total assets</b>		1,785,854	4,524,135
<b>Current liabilities</b>			
Trade and other payables	9	500,047	504,815
Employee benefits	10	323,774	295,156
<b>Total current liabilities</b>		823,821	799,971
<b>Non-current liabilities</b>			
Employee benefits	10	-	5,505
<b>Total non-current liabilities</b>		-	5,505
<b>Total liabilities</b>		823,821	805,476
<b>Net assets</b>		962,033	3,718,659
<b>Equity</b>			
Issued capital	11	39,666,296	39,666,296
Reserves	12	779,956	545,102
Accumulated losses	13	(39,484,219)	(36,492,739)
<b>Total equity</b>		962,033	3,718,659

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

**Preliminary Consolidated Statement of Cash Flows**  
**For the year ended 30 June 2015**

	Note	Consolidated	
		2015	2014
		\$	\$
<b>Cash flows from operating activities</b>			
Commercial income received		763,378	692,150
Government grants received		50,000	6,500
Other income		12,546	40,741
Cash paid to suppliers and employees		(5,360,431)	(5,806,258)
Cash used in operations		(4,534,507)	(5,066,867)
R&D tax rebate		1,966,480	1,791,965
Interest received		86,781	74,611
<b>Net cash used in operating activities</b>	14	(2,481,246)	(3,200,291)
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(64,473)	(195,816)
<b>Net cash used in investing activities</b>		(64,473)	(195,816)
<b>Cash flows from financing activities</b>			
Proceeds from the issue of share capital		-	6,012,417
Payment of transaction costs		-	(401,627)
<b>Net cash from financing activities</b>		-	5,610,790
Net increase/(decrease) in cash and cash equivalents		(2,545,719)	2,214,683
Cash and cash equivalents at 1 July		4,021,588	1,806,905
<b>Cash and cash equivalents at 30 June</b>	6	1,475,869	4,021,588

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

**Preliminary Consolidated Statement of Changes in Equity**  
**For the year ended 30 June 2015**

		<b>Consolidated</b>			
<i>Note</i>	<b>Issued Capital</b>	<b>Accumulated Losses</b>	<b>Reserves</b>	<b>Total</b>	
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	
<b>Balance at 1 July 2013</b>	34,055,506	(34,374,842)	1,514,209	1,194,873	
Loss attributable to members of the consolidated entity	-	(3,257,695)	-	(3,257,695)	
Other comprehensive income	-	-	-	-	
Total comprehensive income/(loss)	-	(3,257,695)	-	(3,257,695)	
Shares issued during the year	11 6,012,417	-	-	6,012,417	
Share capital transaction costs	11 (401,627)	-	-	(401,627)	
Transfer from option reserve	13 -	1,139,798	(1,139,798)	-	
Share-based payments	12 -	-	170,691	170,691	
<b>Balance at 30 June 2014</b>	39,666,296	(36,492,739)	545,102	3,718,659	
<b>Balance at 1 July 2014</b>	39,666,296	(36,492,739)	545,102	3,718,659	
Loss attributable to members of the consolidated entity	-	(2,991,480)	-	(2,991,480)	
Other comprehensive income	-	-	-	-	
Total comprehensive income/(loss)	-	(2,991,480)	-	(2,991,480)	
Shares issued during the year	-	-	-	-	
Share capital transaction costs	-	-	-	-	
Transfer from option reserve	-	-	-	-	
Share-based payments	12 -	-	234,854	234,854	
<b>Balance at 30 June 2015</b>	39,666,296	(39,484,219)	779,956	962,033	

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

## Notes to the Preliminary Consolidated Statements

### For the year ended 30 June 2015

#### Note 1: Basis of Preparation

For the year ended 30 June 2015 the Company has incurred a loss of \$2,991,480 (2014: \$3,257,695) and at year end the Company had working capital of \$799,446 (2014:\$3,393,962) including a cash and cash equivalents balance of \$1,475,869 (2014: \$4,021,588).

The Directors believe that it is appropriate to prepare the financial report on a going concern basis because:

- Subsequent to the balance date the Company has completed a fully underwritten entitlement issue to raise \$8,792,126 after the expenses of the offer.
- The Company expects to receive an R&D rebate of approximately \$1,900,000 during the first half of the 2016 financial year.

<b>Note 2: Income from ordinary activities</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Commercial income	763,393	692,150
Government grant income	50,000	6,500
Net interest income	75,319	86,478
Other income	15,741	40,741
	<u>904,453</u>	<u>825,869</u>

#### Note 3: Loss from ordinary activities

Loss from ordinary activities before income tax expense has been arrived at after charging the following items:

Depreciation of equipment	<u>212,235</u>	<u>214,256</u>
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#### Note 4: Personnel expenses

Wages and salaries	779,960	880,303
Other associated staff costs	9,530	4,010
Contributions to defined contribution superannuation funds	48,489	51,690
Increase in annual leave accrual	16,000	4,441
Share based compensation	234,854	170,691
	<u>1,088,833</u>	<u>1,111,135</u>

#### Note 5: Earnings per share

Net Loss used in the calculation of basic earnings per share	<u>2,991,480</u>	<u>3,257,695</u>
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	<b>2015</b>	<b>2014</b>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in the calculation of basic earnings per share	<u>1,002,069,367</u>	<u>740,016,387</u>

Diluted earnings per share is not disclosed as the result of exercise of options would be anti- dilutive in nature.

<b>Note 6: Cash and cash equivalents</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Bank balances	<u>1,475,869</u>	<u>4,021,588</u>

#### Note 7: Trade & other receivables

GST receivable	116,009	96,627
Accrued Interest	1,021	12,483
Other receivables	2,425	63,235
	<u>119,455</u>	<u>172,345</u>

**Notes to the Preliminary Consolidated Statements** (Cont'd)  
For the year ended 30 June 2015

	<b>2015</b>	<b>2014</b>		
	<b>\$</b>	<b>\$</b>		
<b>Note 8: Property, plant and equipment</b>				
Office and laboratory equipment at cost	1,298,085	1,370,457		
Accumulated depreciation	(1,135,513)	(1,040,255)		
	162,572	330,202		
<b>Reconciliation:</b>				
Carrying amount at the beginning of the year	330,202	336,858		
Acquisitions	46,884	208,950		
Disposals	(2,279)	(19,148)		
Depreciation	(212,235)	(196,458)		
	162,572	330,202		
<b>Note 9: Trade &amp; other payables</b>				
Trade payables	444,458	411,398		
Accrued expenses	39,438	74,974		
Other	16,151	18,443		
	500,047	504,815		
<b>Note 10: Employee Benefits</b>				
<b>Current:</b>				
Liability for annual leave	209,765	193,765		
Liability for Long Service Leave	114,009	101,391		
	323,774	295,156		
<b>Non-Current:</b>				
Liability for Long Service Leave	-	5,505		
	-	5,505		
			<b>Long Service</b>	<b>Annual</b>
			<b>Leave</b>	<b>Leave</b>
			<b>\$</b>	<b>\$</b>
<b>Consolidated:</b>				
Balance as 1 July 2014	106,896	193,765		
Payments made	-	(35,138)		
Charges raised or written back	7,113	51,138		
Balance as 30 June 2015	114,009	209,765		
<b>Note 11: Issued capital</b>				
	<b>2015</b>	<b>2014</b>		
	<b>\$</b>	<b>\$</b>		
<b>Issued, unissued and paid up capital</b>				
1,002,069,367 (2014: 1,002,069,367) ordinary shares fully paid.	39,666,296	39,666,296		
<b>Movements in issued capital during the year:</b>	<b>2015</b>	<b>2015</b>	<b>2014</b>	<b>2014</b>
	<b>Shares</b>	<b>\$</b>	<b>Shares</b>	<b>\$</b>
Opening balance	1,002,069,367	39,666,296	466,890,744	34,055,506
Shares issued during the year:				
- Issued at \$0.015	-	-	400,827,747	6,012,417
- Share issue costs	-	-	-	(401,627)
- Shares issued on conversion of converting notes	-	-	140,350,876	-
- Shares cancelled	-	-	(6,000,000)	-
Closing balance	1,002,069,367	39,666,296	1,002,069,367	39,666,296



**Notes to the Preliminary Consolidated Statements** (Cont'd)  
**For the year ended 30 June 2015**

<b>Note 12: Reserves</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Opening balance	545,102	1,514,209
Share based payments for the period	234,854	170,691
Transfer to accumulated losses	-	(1,139,798)
Balance at the end of the year	<u>779,956</u>	<u>545,102</u>

**Note 13: Accumulated Losses**

Opening balance	(36,492,738)	(34,374,842)
Loss for the period	(2,991,480)	(3,257,695)
Transfer from option reserve	-	1,139,798
Balance at the end of the year	<u>(39,484,219)</u>	<u>(36,492,739)</u>

**Note 14: Statement of cash flows**

Reconciliation of loss for the year to net cash used in operating activities:		
Loss for the year	(2,991,480)	(3,257,695)
Depreciation, amortisation & impairment	212,235	214,256
Share based payment expense	234,854	170,691
Investment in Phoremest	(15)	-
Increase/(decrease) in provisions for employee benefits	23,113	11,507
Increase/(decrease) in payables	15,100	(285,403)
(Increase)/decrease in receivables	24,947	(53,647)
Net cash used in operating activities	<u>(2,481,246)</u>	<u>(3,200,291)</u>

**Note 15: Subsequent events**

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity, in future financial years, other than:

On 14 August 2015 the Company completed a fully underwritten entitlement issue by the allotment of 1,002,069,367 shares at an issue price of \$0.01 per share. The net proceeds raised under the offer, after expenses was \$8,792,126.