

Appendix 4D
Half-Year Report for the period ended 31 December 2019

Results for announcement to the Market

Financial Performance

PharmAust Limited - Consolidated			
(AUD 000')	Half-year ended 31 Dec 2019	Half-year ended 31 Dec 2018	Movement %
Revenue	1,756	1,871	(6%)
(Loss) before tax attributable to members	(485)	(90)	(438%)
(Loss) after tax attributable to members	(485)	(90)	(438%)

Review of Operations

Refer to Directors' Report included in the attached half-year financial report.

Dividends

No Dividends were paid or declared for payment during the half-year period.

Earnings Per Share

	Half-year ended 31 Dec 2019	Half-year ended 31 Dec 2018
(Loss) per share (Basic & Diluted)	(0.17) cents	(0.05) cents

Net Tangible Asset Backing

	Half-year ended 31 Dec 2019	Half-year ended 31 Dec 2018
Net tangible asset backing	1.64 cents	1.96 cents

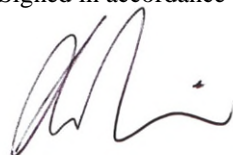
Entities Acquired and Disposed During the Period

There were no entities acquired or disposed of during the half-year period.

Compliance Statement

The report is based on financial statements reviewed by the auditor, a copy of which is attached.

Signed in accordance with a resolution of Directors. On behalf of the Directors:



Sam Wright
 Director

Signed at Perth this 28th day of February 2020

PHARMAUST LIMITED
ABN 35 094 006 023
AND ITS CONTROLLED ENTITIES

Interim Financial Report
for the half-year ended 31 December 2019

C O N T E N T S

Directors' Report

Statement of Profit or Loss and Other Comprehensive Income

Statement of Financial Position

Statement of Changes in Equity

Statement of Cash Flows

Notes to the Financial Statements

Directors' Declaration

Independent Auditor's Review Report

Auditor's Independence Declaration

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PHARMAUST LIMITED DIRECTORS' REPORT

The directors of PharmAust Limited submit the financial report of the consolidated entity for the half-year ended 31 December 2019.

DIRECTORS

The names of the directors who held office during or since the end of the half-year are:

Dr Roger Aston
Mr Neville Bassett AM
Mr Robert Bishop
Mr Sam Wright

RESULTS

The operating loss for the consolidated entity for the half-year ended 31 December 2019 was \$484,701 (2018: \$89,930).

PRINCIPAL ACTIVITIES

The principal continuing activities constituted by PharmAust Limited and the entities it controlled during the year were to develop its own drug discovery intellectual property for the treatment of different types of cancers in humans and animals, as well as providing highly specialised medicinal and synthetic chemistry services on a contract basis to clients.

REVIEW OF OPERATIONS

During the half-year, PharmAust successfully achieved several major milestones that have opened the path to clinical trial in 2019. PharmAust also further continued to build the contract sales and income activities of its wholly owned subsidiary, Epicchem Pty Ltd.

PITNEY PHARMACEUTICALS PTY LTD – 100% OWNED SUBSIDIARY

Phase II Canine Trials

PharmAust has made significant progress in the clinical trials of its primary drug candidate, Monepantel (MPL). Previously, PharmAust demonstrated that six of seven dogs with treatment-naïve B cell lymphoma achieved stable disease, or progression free survival (PFS), with reductions in tumour size following 14 consecutive days of gelatin encapsulated liquid monepantel treatment. PharmAust is now repeating and extending this study with the newly developed high dose and highly palatable GMP monepantel tablet formulation.

On 15 July 2019, PharmAust announced the receipt of ethics approval from the NSW Department of Primary Industry's Secretary's Animal Care & Ethics Committee to recommence Phase II clinical trials in pet owners' dogs with cancer using its newly formulated tablet.

Following review of its application, the independent Ethics Committee approved the investigation of monepantel tablets for: (i) testing anti-cancer efficacy in short-term studies and (ii) testing anti-cancer maintenance in long-term studies. Anti-cancer efficacy is measured by achieving stable disease and progression-free survival or regression of the tumour(s). Preventing spread (metastasis) of the cancer will also be monitored.

Recruitment of canines with lymphoma will be determined by the participating veterinarian in the trial based on factors such as expected survival, progression of the disease and general health of the animal. Typically, untreated dogs with lymphoma have a 50% chance of surviving for 4 weeks. The inclusion/exclusion criteria are intended to generate a population of canine patients for the trial that is reasonably coherent to enable meaningful statistical analysis as reliable and measurable outcomes.

PharmAust reached agreement with U-Vet in Werribee, through the University of Melbourne's Department of Veterinary Clinical Sciences, to act as the trial manager. PharmAust has also contracted the Animal Referral Hospital in Homebush, Sydney, the University Veterinary Teaching Hospital at the University of Sydney (UVTHS) as well as the West Australian Veterinary Emergency and Specialists (WAVES) in Perth. Each of these four centres acts in a hub-and-spoke system with surrounding veterinarians in the Melbourne, Sydney, Greater Western Sydney and Perth area to recruit eligible dogs further afield for recruitment, referral and treatment.

PHARMAUST LIMITED
DIRECTORS' REPORT (continued)

To support this network and further expedite recruitment, PharmAust has engaged a pet journalist and has commenced an aggressive marketing awareness campaign to vets and pet owners.

Recruitment is going as expected and a number of different breeds of dogs with lymphoma have presented and dogs have begun (and some have completed) treatment. Plasma and whole blood samples are to be analysed in the laboratory after days 14 and 28. The release of trial data will depend upon the incremental drug success rate across the participating sites and when sufficient dogs have completed treatment. Trial data release will occur when a clear and meaningful trend is apparent.

To further progress this Phase II trial, PharmAust manufactured an additional 8,000 GMP grade tablets in October 2019 that arrived at Epicchem in January 2020. To date, tablet stability studies from the first batch of GMP grade tablets support a greater than 12 month shelf-life. Ongoing studies are furthermore determining maximum tablet shelf-life.



Figure 1. Dr Claire Cannon at U-Vet Werribee

Phase II Human Trial

PharmAust has made key steps towards progressing the evaluation of MPL in human trials. Furthermore, PharmAust has now submitted the MPL human trial paper for publication in a peer review journal, describing the historic trial undertaken in Adelaide and the performance of MPL in cancer patients. In anticipation of progress towards further human studies, PharmAust is also preparing a comiconised MPL tablet and will commence a pharmacokinetic study to identify an optimised tablet formula that reduces tablet number for the human trial. PharmAust will also conduct a third GMP monepantel tablet program in Quarter 2 of 2020 to cater for future human trials as well as provide further tablets for the ongoing dog trials.

PHARMAUST LIMITED
DIRECTORS' REPORT (continued)

EPICHEM PTY LTD - 100% OWNED SUBSIDIARY

Epichem appointed a new CEO in Colin La Galia effective October 14, 2019. Colin was previously the Regional Business Director and Commercial Head of Asia Pacific, China and Japan for Abbott Rapid Diagnostics and he has previously held senior roles over 20 years at Alere Inc, Origin Healthcare, Hollywood Fertility Centre, GlaxoSmithKline and Merck Sharpe & Dohme. Colin is a highly experienced executive in pharmaceuticals, devices and diagnostics, both locally and internationally, and has demonstrated great success in international business development. He is based in Perth and has joined the Epichem Board. Colin has also recently been appointed to the WA Government Health and Medical Life Sciences Industry Reference Group. This group will investigate potential strategies and directions which may better support the growth of the WA Health AND Medical Life sciences industry over the next 5 years.

At the same time Dr Martine Keenan resumes her former role as Epichem's Head of Drug Discovery and also joins the Epichem board. Martine has subsequently been appointed to the role of Chief Scientific Officer for Epichem effective January 1.

Epichem is Australia's leading provider of synthetic and medicinal chemistry services, pharmaceutical reference standards, fine chemicals and analytical services.

Providing specialised products and services to a worldwide customer-base, Epichem employs a large team of world-class PhD chemists committed to achieving outcomes for clients in the pharmaceutical, biotech, mining, agriculture, and animal health sectors. Epichem maintains a diverse catalogue of highly pure Reference Materials; including metabolites, impurities and degradants, and is recognised as the world leader in Phenylephrine impurities. All work is undertaken in our purpose-built laboratories in Australia. Epichem is certified to ISO9001 and accredited to ISO17025 and ISO17034 Standards.

Epichem has been delivering synthetic and medicinal chemistry services to the drug discovery and pharmaceutical industries worldwide since its inception in 2003. Epichem offers a range of rare and hard to find pharmaceutical impurities, degradants and metabolites of active ingredients and excipients, particularly for OTC and generic drugs. Growth in this area of contract chemistry will be driven via engagement with Business Development consultants and venture capitalists.

Epichem has been at the forefront of synthesizing new and difficult to obtain pharmaceutical reference standards with many of these exclusive to Epichem. This range continues to expand in response to customer requests, developments in the industry and market requests. Epichem is globally competitive with clients in 35 countries and is rapidly expanding its reach. A new Distribution Partner Strategy has been developed and implemented to grow the Pharmaceutical Reference Standard Business with a focus on Distributor identification, contracting and performance management. 7 new partners have been appointed across the US, Europe and Australia. Moving forward Epichem will be looking at the opportunity to create its own IP portfolio to create a competitive advantage and leverage the R&D Tax initiative.

A strategy to address the organisational restructure has been completed and finalised. This will be based on revenues, cost evaluation, people performance, skill-set and competencies required by the business. A potential full year savings of AUD260K is expected.

Epichem's expert team of medicinal chemists supports PharmAust's ongoing oncology programmes and has made a number of novel analogues of MPL. While still at the early pre-clinical research stage, if successful, this research could ultimately lead to a new drug with improved properties which is wholly owned by PharmAust.

Epichem was awarded another one year extension to its current contract with Drugs for Neglected Diseases initiative (DNDi), extending that relationship to 12 years. The contract, which will see Epichem continue to provide synthetic & medicinal chemistry support to DNDi's drug discovery projects and will generate \$1.24M in revenues during 2020.

Epichem was awarded the 2019 WA Exporter Award for International Health and was recently also awarded 2 Biotechnology 2020 Awards for Most Innovative Chemistry Service Provider - Australia & Best in Organic Chemistry Solutions 2020. This is testament to Epichem's expertise, experience and acknowledgement of its export capability and outcomes achievement.

PHARMAUST LIMITED
DIRECTORS' REPORT (continued)

CORPORATE

Annual General Meeting

The Annual General Meeting of the Shareholders of PharmAust Limited was held on 25 October 2019 at RSM on Level 32, 2 The Esplanade, Perth, Western Australia. All resolutions that were put were passed by a poll.

PharmAust Raises \$2.4m in Placement

On 3 October 2019, PharmAust announced that it had raised \$2.4 million through a placement primarily to Australian and Singaporean fund management institutions. Funds were raised via a placement of approximately 20 million fully paid ordinary shares under ASX Listing Rule 7.1 at \$0.12 cents per share.

Placement funds will be used for the progression of the human trial programme, including further development of formulation and manufacture of additional tablets as well as strengthening working capital.

SUBSEQUENT EVENTS

PharmAust receives \$712,647 R&D Tax Incentive Refund

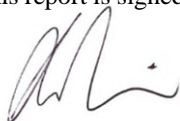
Following approval from the ATO of the Company's application for a Research and Development rebate, an amount of \$712,647 was deemed refundable on PharmAust's 2019 Tax Return and was paid to PharmAust on 14 January 2020. As the funds were received after 31 December 2019, these funds have not been included within the cash balance in the statement of financial position, however the associated revenue has been recognised within profit or loss for this half-year. These funds will be used to advance the Clinical Trial Programs in dogs and humans.

There have been no other significant events subsequent to the end of the reporting date.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included within this financial report.

This report is signed in accordance with a resolution of the Board.



Sam Wright
Director

Signed at Perth this 28th day of February 2020

PHARMAUST LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the half-year ended 31 December 2019

		Consolidated	
	Note	31 December 2019	31 December 2018
		\$	\$
Revenue	7	1,756,346	1,871,053
Other income	7	706,814	681,221
Total revenue		<u>2,463,160</u>	<u>2,552,274</u>
Raw material and consumables used		(123,252)	(202,040)
Research and development expenses		(493,939)	(386,635)
Share-based payment expense		(29,423)	-
Administration expenses		(700,930)	(526,658)
Employee benefits expense		(1,466,296)	(1,414,848)
Borrowing costs		(60,705)	(25,799)
Depreciation		(73,317)	(86,224)
Loss before income tax		<u>(484,701)</u>	<u>(89,930)</u>
Income tax expense		-	-
Loss for the period		<u>(484,701)</u>	<u>(89,930)</u>
Other comprehensive income		-	-
Total comprehensive loss for the period		<u>(484,701)</u>	<u>(89,930)</u>
Basic and diluted loss per share (cents per share)		(0.17)	(0.05)

The accompanying notes form part of these financial statements

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PHARMAUST LIMITED
STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

	Note	Consolidated	
		31 December 2019 \$	30 June 2019 \$
CURRENT ASSETS			
Cash and cash equivalents		2,922,555	2,090,625
Trade and other receivables		972,335	258,842
Other current assets		84,577	58,509
Inventories		797,442	611,816
TOTAL CURRENT ASSETS		<u>4,776,910</u>	<u>3,019,792</u>
NON CURRENT ASSETS			
Plant and equipment		2,463,311	2,468,449
Right of use asset		1,283,220	-
Intangible assets		3,107,476	3,107,476
TOTAL NON CURRENT ASSETS		<u>6,854,007</u>	<u>5,575,925</u>
TOTAL ASSETS		<u>11,630,917</u>	<u>8,595,717</u>
CURRENT LIABILITIES			
Trade and other payables		587,361	673,020
Borrowings	8	72,052	143,384
Provisions		105,676	105,602
Lease liabilities		87,239	-
TOTAL CURRENT LIABILITIES		<u>852,328</u>	<u>922,006</u>
NON CURRENT LIABILITIES			
Borrowings	8	181,230	181,230
Provisions		-	36,601
Lease Liabilities		1,212,630	-
TOTAL NON CURRENT LIABILITIES		<u>1,393,860</u>	<u>217,831</u>
TOTAL LIABILITIES		<u>2,246,188</u>	<u>1,139,837</u>
NET ASSETS		<u>9,384,729</u>	<u>7,455,880</u>
EQUITY			
Issued capital	10	53,772,433	51,388,306
Reserves	9	1,936,815	1,907,392
Accumulated losses		(46,324,519)	(45,839,818)
TOTAL EQUITY		<u>9,384,729</u>	<u>7,455,880</u>

The accompanying notes form part of these financial statements

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PHARMAUST LIMITED
STATEMENT OF CHANGES IN EQUITY
For the half-year ended 31 December 2019

	Issued Capital	Accumulated Losses	Share-Based Payment Reserve	Total
	\$	\$	\$	\$
As at 1 July 2018	49,371,354	(44,288,596)	2,055,460	7,138,218
Loss for the period	-	(89,930)	-	(89,930)
Total comprehensive loss for the period	-	(89,930)	-	(89,930)
<i>Transactions with owners in their capacity as owners:</i>				
Shares issued (net)	-	-	-	-
Share-based payments			(48,694)	(48,694)
As at 31 December 2018	49,371,354	(44,378,526)	2,006,766	6,999,594

	Issued Capital	Accumulated Losses	Share-Based Payment Reserve	Total
	\$	\$	\$	\$
As at 1 July 2019	51,388,306	(45,839,818)	1,907,392	7,455,880
Loss for the period	-	(484,701)	-	(484,701)
Total comprehensive loss for the period	-	(484,701)	-	(484,701)
<i>Transactions with owners in their capacity as owners:</i>				
Shares issued (net)	2,384,127	-	-	2,384,127
Share-based payments	-	-	29,423	29,423
As at 31 December 2019	53,772,433	(46,324,519)	1,936,815	9,384,729

The accompanying notes form part of these financial statements

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PHARMAUST LIMITED
STATEMENT OF CASH FLOWS
For the half-year ended 31 December 2019

	Consolidated	
	31 December 2019 \$	31 December 2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	1,756,346	1,202,539
Payments to suppliers and employees	(3,134,065)	(2,892,765)
Interest received	9,089	7,806
Other income	-	677,846
Interest paid	(60,705)	(25,799)
Net cash used in operating activities	<u>(1,429,335)</u>	<u>(1,030,372)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for plant and equipment	(6,723)	(22,498)
Net cash used in investing activities	<u>(6,723)</u>	<u>(22,498)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from shares issued (net)	2,384,127	-
Net proceeds/(repayment) of borrowings	(71,332)	139,415
Repayment of lease liabilities	(44,807)	-
Net cash provided by financing activities	<u>2,267,988</u>	<u>139,415</u>
Net movement in cash held	831,930	(913,455)
Cash at beginning of the financial period	<u>2,090,625</u>	<u>1,875,431</u>
Cash at end of the financial period	<u><u>2,922,555</u></u>	<u><u>961,976</u></u>

The accompanying notes form part of these financial statements

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PHARMAUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2019

1. CORPORATE INFORMATION

The financial report of PharmAust Limited for the half-year ended 31 December 2019 was authorised for issue in accordance with a resolution of the Directors on 28 February 2020. PharmAust Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and the principal activities of the Company are described in the Directors' Report.

2. BASIS OF PREPARATION

This general purpose financial report for the half-year reporting period ended 31 December 2019 has been prepared in accordance with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*. The consolidated entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report does not include full disclosures of the type normally included in an annual report. It is recommended that this financial report to be read in conjunction with the annual financial report for the year ended 30 June 2019 and any public announcements made by PharmAust Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

COMPLIANCE STATEMENT

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards.

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PHARMAUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2019

2. BASIS OF PREPARATION (continued)

The accounting policies have been consistently applied with those of the previous financial year and corresponding interim reporting period, except in relation to the matters disclosed below:

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 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 following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 16 Leases

The consolidated entity has adopted AASB 16 'Leases' (AASB 16) from 1 July 2019. The standard replaces AASB 117 'Leases' (AASB 117) and for lessees, eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

PHARMAUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2019

2. BASIS OF PREPARATION (continued)

Transition

Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss.

For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

In accordance with the transition provisions of AASB 16, the consolidated entity has adopted the modified retrospective transition approach to implementing the new standard. Under this approach, comparatives are not restated. Instead, the reclassifications and adjustments arising from the new leasing rules are recognised in the statement of financial position on 1 July 2019.

The impact on the statement of financial position as at 1 July 2019 on the adoption of AASB16 are noted below:

	1 July 2019 \$'000
<i>Right of use assets</i>	
Buildings	1,344,748
Total right of use assets	<u>1,344,748</u>
Lease liabilities - current (AASB 16)	87,239
Lease liabilities - non-current (AASB 16)	1,257,509
Total lease liabilities	<u>1,344,748</u>
Reduction in opening retained profits as at 1 July 2019	<u><u>-</u></u>

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PHARMAUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2019

3. SEGMENT INFORMATION

The consolidated entity has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Board of Directors has considered the business from both a geographic and business segment perspective and the following are the reportable segments under AASB 8.

	Corporate	Pharmaceutical	Total
	\$	\$	\$
31 December 2019			
Revenue			
External sales	-	1,756,346	1,756,346
Other external revenue	636,323	70,491	<u>706,814</u>
Total revenue	636,323	1,826,837	<u>2,463,160</u>
Results			
Segment net profit (loss) before tax	(782,376)	297,674	(484,701)
Interest income	9,042	46	9,089
Interest expense	-	(60,705)	(60,705)
Depreciation and amortisation	-	(73,317)	(73,317)
Segment assets			
Segment operating assets	3,527,393	8,103,523	11,630,917
Segment liabilities			
Segment operating liabilities	(149,498)	(2,096,691)	(2,246,188)

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PHARMAUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2019

3. SEGMENT INFORMATION (continued)

	Corporate	Pharmaceutical	Total
	\$	\$	\$
31 December 2018			
Revenue			
External sales	-	1,871,053	1,871,053
Other external revenue	597,889	83,332	<u>681,221</u>
Total revenue	597,889	1,954,385	<u>2,552,274</u>
Results			
Segment net profit (loss) before tax	(370,366)	280,436	(89,930)
Interest income	5,715	2,091	7,806
Interest expense	-	(25,799)	(25,799)
Depreciation and amortisation	-	(86,224)	(86,224)
Segment assets			
Segment operating assets	1,515,863	6,662,377	8,178,240
Segment liabilities			
Segment operating liabilities	(159,398)	(1,019,248)	(1,178,646)

4. DIVIDENDS

There have been no dividends declared or recommended and no distributions made to shareholders or other persons during the half-year.

5. CONTINGENT LIABILITIES AND ASSETS

There has been no change in contingent liabilities or contingent assets since the last annual reporting date.

6. SUBSEQUENT EVENTS

PharmAust receives \$712,647 R&D Tax Incentive Refund

Following approval from the ATO of the Company's application for a Research and Development rebate, an amount of \$712,647 was deemed refundable on PharmAust's 2019 Tax Return and was paid to PharmAust on 14 January 2020. As the funds were received after 31 December 2019, these funds have not been included within the cash balance in the statement of financial position, however the associated revenue has been recognised within profit or loss for this half-year. These funds will be used to advance the Clinical Trial Programs in dogs and humans.

There have been no other significant events subsequent to the end of the reporting date.

PHARMAUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2019

		CONSOLIDATED 31 DECEMBER 2019 \$	31 DECEMBER 2018 \$
7.	REVENUES		
	<i>Revenue from contracts with customers</i>		
	Sale of goods	195,142	291,899
	Rendering of services	1,561,203	1,579,154
		1,756,346	1,871,053
	<i>Other revenue</i>		
	Research and development tax incentive	712,647	672,250
	Interest income	9,089	7,806
	Other revenue	(14,922)	1,165
		706,814	681,221
	<i>Timing of revenue recognition</i>		
	Goods transferred at a point in time	195,142	291,899
	Services transferred over time	1,561,203	1,579,154
		1,756,346	1,871,053

		CONSOLIDATED 31 DECEMBER 2019 \$	30 JUNE 2019 \$
8.	BORROWINGS		
	CURRENT		
	EFIC Loan Facility	72,052	143,384
		72,052	143,384
	NON CURRENT		
	EFIC Loan Facility	181,230	181,230
		181,230	181,230
	TOTAL	253,282	324,614

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PHARMAUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2019

		CONSOLIDATED	
		31 DECEMBER 2019 \$	30 JUNE 2019 \$
9.	RESERVES		
	Share-Based Payment Reserve	1,936,815	1,907,392

	# of Options	Exercise Price \$	\$
<i>Movement in Share-Based Payment Reserve</i>			
At 1 July 2019	56,895,412		1,907,392
Issue options - July	1,000,000	0.0120	11,954
Issue options - August	500,000	0.0349	17,469
Exercise of options	(1,799,862)	-	-
Options expired, unexercised	(20,845,550)	-	-
At 31 December 2019	35,750,000		1,936,815

	Exercise Price \$	# of Options
Unissued shares under option at 31 December 2019 were as follows:		
Unlisted	0.015	500,000
Unlisted	0.075	3,750,000
Unlisted	0.015	7,500,000
Unlisted	0.230	9,000,000
Unlisted	0.080	5,000,000
Unlisted	0.120	10,000,000
		35,750,000

		CONSOLIDATED			
		31 DECEMBER 2019 SHARES	30 JUNE 2019 SHARES	31 DECEMBER 2019 \$	30 JUNE 2019 \$
10.	ISSUED CAPITAL				
	Ordinary shares – fully paid	302,021,053	280,221,192	53,772,433	51,388,306

	Shares	Issue Price \$	\$
<i>Movement in ordinary share capital</i>			
At 1 July 2019	280,221,192		51,388,306
Issue of shares	19,999,999	0.12	2,400,000
Exercise of options	1,799,862	0.12	160,983
Less capital raising costs			(176,856)
At 31 December 2019	302,021,053		53,772,433

**PHARMAUST LIMITED
DIRECTORS' DECLARATION**

In the opinion of the directors of PharmAust Limited (the "company"):

1. The financial statements and notes, as set out within this financial report:
 - a. complies with the *Corporations Act 2001*, Australian Accounting Standard AASB 134: Interim Financial Reporting, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b. gives a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year then ended.
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors.



Sam Wright
Director

Signed at Perth this 28th day of February 2020

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
PHARMAUST LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of PharmAust Limited, which comprises the statement of financial position as at 31 December 2019, the statement of profit or 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 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 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, we have become aware of any matter that makes us 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 consolidated entity's financial position as at 31 December 2019 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 PharmAust Limited, 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.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of PharmAust Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

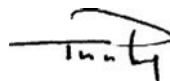
Conclusion

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 PharmAust 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 2019 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 28 February 2020

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of PharmAust Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 28 February 2020

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