Therapeia GmbH & Co. KG Financial Statements for the years ended 31 December 2016 and 31 December 2015

The financial statements of Therapeia GmbH & Co. KG included within have been prepared as of and for the financial years ended 31 December 2016 and 31 December 2015. Each financial year has been the subject of director approval and audit as described in the Directors' declaration and Independent auditor’s report respectively, included within.

Therapeia GmbH & Co.KG

Financial report for the years ended 31 December 2016 and 31 December 2015

Contents

Statement of Profit & Loss

	Note	December 2016	December 2015
Continuing operations		$	$
Other Revenue		-	-
Expenses			
Research & Development costs	3	(9,674)	(62,002)
Administration costs	4	(19,615)	(53,876)
Finance costs	5	(13,802)	(15,779)
Loss before income tax		**(43,091)**	**(131,657)**
Income tax expense		-	-
Loss from continuing operations		**(43,091)**	**(131,657)**
Loss is attributable to:			
Owners of Therapeia GmbH & Co.KG		**(43,091)**	**(131,657)**

The above financial statements should be read in conjunction with the accompanying notes.

Statement of Comprehensive Income

	Note	December 2016 $	December 2015 $
Loss for the period		(43,091)	(131,657)
Items that will not be reclassified to Profit & Loss:			
Exchange difference on translation of foreign operations		29,124	(10,334)
Total comprehensive loss for the period		**(13,967)**	**(141,991)**

Balance Sheet

	Note	December 2016 $	December 2015 $
ASSETS			
Current assets			
Cash and cash equivalents	7a	2,634	12,669
Other current receivables	7b	3,877	139,883
Total current assets		6,511	152,552
Total assets		**6,511**	**152,552**
LIABILITIES			
Current liabilities			
Trade and other payables	7c	643,861	797,986
Borrowings	7d	396,140	374,089
Total current liabilities		1,040,001	1,172,075
Total liabilities		**1,040,001**	**1,172,075**
Net assets (deficit)		**(1,033,490)**	**(1,019,523)**
Equity			
Issued capital	8	1,334	1,334
Accumulated losses		(1,010,523)	(878,866)
Current year earnings		(43,091)	(131,657)
FX translation reserve	9	18,790	(10,334)
Total equity		**(1,033,490)**	**(1,019,523)**

The above financial statements should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

	Share Capital	Retained earnings	FX translation reserve	Total
	$	$	$	$
Balance as at 1 January 2015	**1,334**	**(878,866)**	**-**	**(877,532)**
Loss for the period	-	(131,657)	-	(131,657)
Other Comprehensive Loss	-	-	(10,334)	(10,334)
Total Comprehensive Loss	-	(131,657)	(10,334)	(141,991)
Balance at 31 December 2015	**1,334**	**(1,010,523)**	**(10,334)**	**(1,019,523)**
Loss for the period	-	(43,091)	-	(43,091)
Other Comprehensive Loss	-	-	29,124	29,124
Total Comprehensive Loss	-	(43,091)	29,124	(13,967)
Balance at 31 December 2016	**1,334**	**(1,053,614)**	**18,790**	**(1,033,490)**

The above financial statements should be read in conjunction with the accompanying notes.

Statement of Cash Flows

	Note	December 2016 $	December 2015 $
Cash flows from operating activities			
Payments to suppliers and employees		(29,384)	(49,408)
Net cash used in operating activities	10	(29,384)	(49,408)
Cash flows from financing activities			
Loans from related parties		19,485	47,197
Net cash provided by financing activities		19,485	47,197
Net (decrease)/increase in cash held		(9,899)	(2,211)
Cash and cash equivalents at beginning of year		12,669	14,769
Effects of exchange rate changes on cash and cash equivalents		(136)	111
Cash and cash equivalents at end of period	7a	**2,634**	**12,669**

Notes to the financial statements

For the year ended 31 December 2016

1 Significant Accounting Policies

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

a. Basis of Preparation & Compliances with IFRS

This financial report has been prepared because Telix Pharmaceuticals Limited is preparing for an initial public offering (IPO) on the Australian Securities Exchange (ASX) and the historical financial statements of Therapeia GmbH & Co. KG (the Company) will be part of the Prospectus. The report is required for the purpose of accompanying the public prospectus that will be lodged with the ASX prior to the IPO.

While this financial report for the year ended 31 December 2016 is a non-statutory report, it is a General Purpose Financial Report and complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The principal accounting policies adopted are more fully described below.

The financial statements have been prepared on a historical cost basis, except for the following:

- available-for-sale financial assets, financial assets and liabilities (including derivative instruments) certain classes of property, plant and equipment and investment property – measured at fair value, and
- assets held for sale – measured at fair value less cost of disposal.

The financial statements are presented in Australian dollars.

i. New and amended standards adopted

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 January 2015 affected any of the amounts recognised in the current period or any prior periods.

ii. New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting periods and have not been early adopted by the company. The company's assessment of the impact of these new standards and interpretations is set out below:

IFRS 9 Financial Instruments

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The company has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 January 2018:

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than incurred credit losses as measured under IAS 39.

The change is not expected to impact the measurement of other receivables when the ECL method of measurement is introduced.

IFRS 15 Revenue from Contracts with Customers
The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

The company is currently in the research and development phase and is yet to generate revenue, hence management has concluded that the company will not be affected by this change.

IFRS 16 Leases
IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low-value leases. The accounting for lessors will not significantly change.

As at the reporting date the company had no operating lease commitments, hence management has concluded that the company will not be affected by this change.

b. Going Concern
For the financial years ended 31 December 2016 and 2015 the Company has incurred minimal expenditure on research and development (2016: $9,674, 2015: $62,002). Furthermore the Company has total comprehensive losses in these periods of $13,967 and $141,991, net cash outflows from operating activities of $29,384 and $49,408 and net liabilities as of year-end of $1,033,490 and $1,019,523. The net liabilities include related party payables and loans of $1,025,963 and $1,144,889 to ABX-CRO GmbH that funded historical research & development and on-going administration costs.

The continuing viability of the Company and its ability to continue as a going concern and meet its debts and commitments as they fall due are dependent upon Telix Pharmaceuticals Limited ("Telix") exercising an option to acquire the Company. On exercise of the option, Telix will assume responsibility for the Company's related party payable and loan balances outstanding to ABX-CRO GmbH. Telix has raised $8.5 million in advance of an initial public offering (IPO) to commence its research and development programmes which include TLX-101, the Company's product candidate to treat Glioblastoma. The Director's expect Telix to exercise the option to acquire control of the Company prior to the intended IPO on the Australian Stock Exchange. The IPO will seek to raise further capital that will fund future research and development of the Company and enable it to continue as a going concern. If Telix does not exercise the option to acquire the Company, and if Telix is not subsequently successful raising additional capital through the IPO, or from other sources, the Company may not be able to continue with its planned research and development and could revert to being an inactive company.

As a result of these matters, there is a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, the directors believe that the Company and Telix will be successful in the above matters and accordingly, have prepared the financial report on a going concern basis.

Current & non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when it is expected to be realised or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is current when it is expected to be settled in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

c. Cash and Cash Equivalents

Cash comprises cash on hand and bank deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

d. Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of a past event, it is probable the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

e. Functional and Presentation Currency

Items included in the financial statements of the Company are measured in Euro's, being the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Australian dollars, which is the presentation currency.

The results and financial position of the company are translated into the presentation currency as follows:

a) Assets and liabilities in the balance sheet are translated at the closing rate at the date of that balance sheet.

b) Income and expenses in the Statement of Profit & Loss are translated at average exchange rates, and

c) All resulting exchange differences are recognised in other comprehensive income.

d) The Company used the spot rate at 1 January 2015 to translate historically accumulated Share Capital and Retained earnings. For all equity transactions subsequent to 1 January 2015, the exchange rate at the date of the transaction has been used for changes to share capital and the average exchange rate has been used for changes to retained earnings.

f. Tax Policy

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

g. Research & Development

Research expenditure on internal projects is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure that could be recognised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other expenditures that do not meet these criteria are recognised as an expense as incurred.

As the Company has not met the requirement under the standard to recognise costs in relation to development, these amounts have been expensed.

h. Trade and Other Payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid.

The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

i. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings of the entity are comprised of loans to related parties. Interest is charged on these loans at the rate of 5% per annum

2 Segment information

The directors have identified medical research as a single reporting segment from both a product and geographical perspective. The company is engaged in the business of developing diagnostic and therapeutic radiopharmaceuticals for unmet patient needs and with the general aim to have a stake in the future of medical science.

3 Research & Development Costs

Expenses	December 2016 $	December 2015 $
Research & Development Activities	9,674	62,002
	9,674	**62,002**

4 Administration Costs

Expenses	December 2016 $	December 2015 $
Legal & Consulting	-	39,181
Patent Costs	14,610	10,203
Examination Expenses	3,757	3,964
Other Expenses	1,248	528
	19,615	**53,876**

5 Finance Costs

Expenses	December 2016 $	December 2015 $
Interest	13,626	15,591
Bank Fees	176	188
	13,802	**15,779**

6 Income Tax Expense

Therapeia GmbH & Co.KG is not required to pay corporate income tax based on the nature of the entity and the jurisdictions it operates. The investor(s) are liable for any corporate income tax accruing from Therapeia GmbH & Co.KG.

7 Financial Assets and Liabilities

	Note	December 2016 $	December 2015 $
Financial Assets			
Cash and Cash Equivalents	7a	2,634	12,669
Other Current Receivables	7b	3,877	139,883
		6,511	**152,552**
Financial Liabilities			
Trade and Other Payables	7c	643,861	797,986
Borrowings	7d	396,140	374,090
		1,040,001	**1,172,076**

7.a Cash and Cash Equivalents

	December 2016 $	December 2015 $
Cash on Hand	698	718
Cash at Bank	1,936	11,951
	2,634	**12,669**

I. Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year.

7.b Other Current Receivables

	December 2016 $	December 2015 $
VAT Receivable	3,877	139,883
	3,877	**139,883**

In the year ended 31 December 2016, and following correspondence received from the tax authority, a significant portion of the VAT Receivable recorded at 31 December 2015 was offset against the ABX-CRO GmbH trade creditor balance referred to in Note 14b.

7.c Trade & Other Payables

	December 2016 $	December 2015 $
Trade Creditors		
Related Party	629,822	770,800
3rd Party	1,003	10,363
Accruals and Liabilities	7,374	11,000
Other liabilities - Shareholders	5,662	5,823
	643,861	**797,986**

The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

7.d Borrowings

	December 2016 $	December 2015 $
Current		
Loans - Related Parties ABX-CRO GmbH	396,140	374,089
Total current borrowings	**396,140**	**374,089**

The company entered into a loan agreement with ABX-CRO GmbH ("ABX") in 2008. The loan agreement allows the company to draw down additional funding to secure the operating cash flow. The loan is for 10 years and all amounts need to be repaid at 31 December 2018. Repayments can be made if the financial position of the company would facilitate repayment. Interest is charged at a rate of 5% per annum and is required to be paid on annual basis.

If interest has not been paid for two years ABX has the option to cancel the loan agreement and demand repayment within a 3 month notification period at the end of every financial year. Interest has not been paid on the loan since inception and accordingly, the loan is recorded as a current liability in the financial statements.

8 Issued Capital

	December 2016 Shares	December 2015 Shares	December 2016 $	December 2015 $
Ordinary Shares				
Issued Capital – Fully Paid	900	900	1,334	1,334
	900	**900**	**1,334**	**1,334**

The Company does not have a limited amount of authorised capital and issued shares do not have a par value.

Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

9 FX Reserve

	Foreign Currency Translation $	Total $
1 January 2015	-	-
Other comprehensive income	(10,334)	(10,334)
At 31 December 2015	(10,334)	(10,334)
At 31 December 2015	(10,334)	(10,334)
Other comprehensive income	29,124	29,124
At 31 December 2016	18,790	18,790

10 Cash Flow Information

Reconciliation of Cash Flow from Operations with Loss after Income Tax	**December 2016**	**December 2015**
Profit (Loss) after income tax	(43,091)	(131,657)
Adjustments for		
Financing expenses	13,627	15,591
Other Non-cash items	-	758
Movement in operation assets & liabilities		
(Increases)/ Decrease in Other receivables	135,068	(126,959)
Increases/(Decrease) in Trade & Other Payables	(134,988)	192,859
Net cash inflow (outflow) from operating activities	**(29,384)**	**(49,408)**

11 Financial instrument risk

Financial Risk Management

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The overall risk management program focuses on the unpredictability of markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company uses different methods to measure different types of risk to which it is exposed.

a. Market Risk

Interest Rate Risk

The Company continually analyses its exposure to interest rate risk by managing its finance costs using a mix of fixed and variable rate debt in an attempt to limit its cash flow volatility arising from interest rate changes. Currently the company incurs interest at a fixed rate of 5% on borrowings.

Price Risk

The Company is not exposed to any significant price risk.

Foreign Exchange Risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. As the company operates only in Germany, it is not exposed to any significant foreign exchange risk.

b. Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Given the absence of trade receivables and loan receivables, the company's exposure to credit risk is minimal. Regardless, the company obtains guarantees where appropriate to mitigate credit risk.

c. Liquidity Risk

Vigilant liquidity risk management requires the Company to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable. The Company manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities. This risk is mitigated by the fact that the company has been acquired by Telix Pharmaceuticals Limited and will receive ongoing financial support for the foreseeable future.

Contractual maturities of financial liabilities	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
As 31 December 2016					
Non derivatives					
Trade Creditors	630,825	-	-	-	630,825
Other Liabilities – Shareholders	5,662	-	-	-	5,662
Loans - Related Parties ABX-CRO GmbH	396,140	-	-	-	396,140
Total Non-Derivatives	**1,032,627**	**-**	**-**	**-**	**1,032,627**
As 31 December 2015					
Non derivatives					
Trade Creditors	781,963	-	-	-	781,163
Other liabilities – Shareholders	5,823	-	-	-	5,823
Loans - Related Parties ABX-CRO GmbH	374,090	-	-	-	374,090
Total Non-Derivatives	**1,161,876**	**-**	**-**	**-**	**1,161,076**

12 Contingent liabilities and contingent assets

a) Contingent liabilities

The Company had no contingent liabilities at 31 December 2016 and 31 December 2015.

b) Contingent assets

The Company had no contingent assets at 31 December 2016 and 31 December 2015.

13 Related Party Transactions

ABX-CRO is owned and controlled by Andreas Kluge, who owns 100% of the equity interest in Therapeia.

a) Transactions with related parties

	December 2016 $	December 2015 $
Other liabilities - Shareholders		
Beginning of period	5,823	5,768
FX Movement	(161)	55
End of year	**5,662**	**5,823**

b) Transactions with related parties

	December 2016 $	December 2015 $
Trade Payable & Accruals to ABX-CRO		
Beginning of the year	770,800	583,795
Recognition of VAT for invoices received	-	125,645
Research and development costs	-	57,502
VAT receivable assigned to ABX-CRO	(122,318)	-
FX Movement	(18,659)	3,858
End of year	**629,823**	**770,800**

Trade payable transactions with ABX-CRO relate principally to research and development activities performed prior to 1 January 2015.

c) Transactions with related parties

	December 2016 $	December 2015 $
Loans from related parties - ABX-CRO GmbH		
Beginning of the year	374,089	306,672
Loans advanced	19,485	47,198
Interest	13,626	15,590
Loan repayments made	-	-
FX Movement	(11,060)	4,629
End of year	**396,140**	**374,089**

Terms and conditions

All transactions between related parties were made on an arms-length basis at an interest rate of 5%.

14 Commitments

The Company does not have any commitments for future capital expenditure outstanding as of 31 December 2016 and 31 December 2015.

The Company does not have any non-cancellable operating lease as of 31 December 2016 and 31 December 2015.

15 Events occurring after the Reporting Period

There have not been any events subsequent to the balance date, not otherwise disclosed in this report, which significantly affected or may significantly affect operations, results of operations or state of affairs in subsequent financial periods.

16 Company Details

The registered office and principal place of business of the Company is:

Therapeia GmbH & Co.KG
Veilchenweg 38
01326 Dresden
Germany

17 Authorisation of financial statements

The financial statements for the year ended 31 December 2016 were approved by the board of directors on 11 September, 2017.

Directors' declaration

This is a non-statutory General Purpose Financial Report and has been prepared because Telix Pharmaceuticals Limited is preparing for an initial public offering (IPO) on the Australian Securities Exchange (ASX) and the historical financial statements of Therapeia GmbH & Co. KG (the Company) will be part of the Prospectus. The report is required for the purpose of accompanying the public prospectus that will be lodged with the ASX prior to the IPO.

In the directors' opinion:

1. The financial statements and notes, as set out on pages 1 to 19:

   a comply with Accounting Standards and other professional reporting requirements to the extend described in Note 1; and

   b give a true and fair view of the financial position as at 31 December 2016 and 31 December 2015 and of the performance for the year's ended on those dates; and

   c complies with International Financial Reporting Standards as disclosed in Note 1.

2. In the directors' opinion 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 made in accordance with a resolution of the Board of Directors.

Director ________________________

Dated this 11th day of September 2017

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Independent auditor's report

To the members of Therapeia GmbH & Co.KG

Our opinion

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of Therapeia GmbH & Co.KG (the Company) as at 31 December 2016 and 31 December 2015 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

What we have audited

The financial report comprises:

- the balance sheet as at 31 December 2016 and 31 December 2015
- the statement of comprehensive income for the years then ended
- the statement of profit and loss for the years then ended
- the statement of changes in equity for the years then ended
- the statement of cash flows for the years then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 1b in the financial report, which indicates for financial years ended 31 December 2016 and 2015, the Company has total comprehensive losses of $13,967 and $141,991, net cash outflows from operating activities of $29,384 and $49,408 and net liabilities as of year-end of $1,033,490 and $1,019,523. The net liabilities include related party payables and loans of $1,025,963 and $1,144,889 to ABX-CRO GmbH. As a result the Company is dependent upon Telix

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Pharmaceuticals Limited ("Telix") exercising an option to acquire the Company. On exercise of the option, Telix will assume responsibility for the Company's related party payable and loan balances outstanding to ABX-CRO GmbH. The Director's expect Telix to exercise the option to acquire control of the Company prior to the intended IPO on the Australian Stock Exchange. These conditions, along with other matters set forth in Note 1b, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of matter - basis of accounting and restriction on distribution and use

We draw attention to Note 1 in the financial report, which describes the basis of accounting. The financial report has been prepared to assist Telix Pharmaceuticals Limited, who are preparing for an initial public offering, to meet the requirements of the Australian Securities Exchange. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the members of Therapeia GmbH & Co.KG, Telix Pharmaceuticals Limited and Australian Securities and Investments Commission and should not be distributed to or used by parties other than Therapeia GmbH & Co.KG, Telix Pharmaceuticals Limited and Australian Securities and Investments Commission. Our opinion is not modified in respect of this matter.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Jon Roberts
Authorised Representative of
PricewaterhouseCoopers Securities Ltd
Authorised Representative Number 447678

Melbourne
11 September 2017