

ASX Release

30<sup>th</sup> January 2015

## Appendix 4C - Quarterly Report & Company Update For the period ended 31 December 2014

PharmAust Limited (“PharmAust”) (ASX: PAA & PAAO) presents the Appendix 4C, Quarterly Cash Flow Report.

### **PITNEY PHARMACEUTICALS PTY LTD – 100% OWNED SUBSIDIARY**

During the quarter, the Company continued to make progress with the development of its key anti-cancer product, PPL-1 and following the approval to begin a “First in Man” study by the Royal Adelaide Hospital Research Ethics Committee, the Company recruited, screened and commenced treatment of the first patient with its anti-cancer drug PPL-1. Unfortunately, the first patient passed away due to reasons unrelated to the study drug and this understandably resulted in a standard process of investigations resulting in delays in the treatment of the second patient.

In October, PharmAust confirmed that the first patient treated in the trial would be “replaced” by the next patient recruited, thus enabling three patients to be recruited and treated with the lowest dose of PPL-1 for 28 days, as specified in the protocol.

The Company also announced during the quarter, that following reformulation of PPL-1 into “soft-gel” capsules to improve palatability for dogs, the Animal Referral Hospital (ARH) in Homebush NSW, with Principal Investigator Dr Angela Frimberger, announced initiation of accrual of canine patients.

The trial is testing the safety and efficacy of PPL-1 in a phase I/II design. To date, two dogs have completed their treatment schedules, without any apparent significant adverse events caused by PPL-1 and a third dog has recently been recruited to complete the first dosing cohort in the trial, however, the owner had to withdraw this dog before completing the 28-day course due to difficulties in dosing. PharmAust looks forward to providing an update on the canine trial as it progresses.

On 18<sup>th</sup> November 2014, the Company reported that further to signing a Materials Transfer Agreement (MTA) with a yet to be named Japanese corporation part of a listed Japanese group in July 2013, it has now established a joint intellectual property (IP) position with this Japanese partner. The joint IP allows PharmAust access to some 80 analogues of PPL-1, which have been synthesised by the Japanese research partner and tested for anticancer activity by PharmAust. The Joint Patent Application, which will be published in March 2015, further permits PharmAust to commercialise the analogues subject to other prevailing IP at the time of commercialisation. This collaboration broadens and strengthens PharmAust’s IP position.

### **Subsequent Events**

On 20<sup>th</sup> January 2015, PharmAust reported that its first human patient on PPL-1 treatment has completed the 28-day treatment period with no adverse events in its “First in Man” trial. Although two further patients have been recruited and began treatment both have been withdrawn due to reasons unrelated to PPL-1.

In order to address the high patient withdrawal rates and speed up the trial recruitment, PharmAust is pleased to advise that the Lyell McEwin Hospital have agreed to participate in the trial and are moving forward with site start up documents, adding the site to the ethics approval and governance.

PharmAust is also in advanced discussions with Consultant Medical Oncologists in the Southern Adelaide Local Health Network and the company will report on agreements with further centres to participate in the trial soon.

#### **EPICHEM PTY LTD – 100% OWNED SUBSIDIARY**

Epichem continued to promote its products and services both within Australia and overseas with staff attending a number of conferences and tradeshows including, AusBiotech (Gold Coast, 29-31 Oct), ASTMH (New Orleans, 3-7 Nov) and RACI National Congress (Adelaide 7-11 Dec). Most notably, Epichem was an exhibitor at CPhI WorldWide (Paris, 6-9 Oct), the world's premier trade show for the pharmaceutical industry attended by 36,000 delegates. Feedback from CPhI was excellent with a number of new customers and prospects resulting.

In December DNDi extended its service agreement with Epichem to provide medicinal chemistry services for a further 12 months. DNDi is Epichem's largest customer and the agreement is worth approximately \$1.1M.

#### **Subsequent Events**

On 13th January 2015, Epichem received \$550,000 from DNDi for work completed on its flagship project on Chagas disease. This payment is not included in this Appendix 4C – Quarterly Report as it was received after 31 December 2014.

**For further details please contact:**

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# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

PharmAust Limited

ABN

35 094 006 023

Quarter ended ("current quarter")

December 2014

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from customers	275	981
1.2 Payments for (a) staff costs	(578)	(1,097)
(b) advertising and marketing	(99)	(319)
(c) research and development	(8)	(16)
(d) leased assets	(361)	(628)
(e) other working capital		
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	8	20
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (GST)	22	3
<b>Net operating cash flows</b>	<b>(741)</b>	<b>(1,061)</b>

+ See chapter 19 for defined terms.

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**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	(741)	(1,061)
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		(63)
(e) other non-current assets		
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
1.11 Loans to other entities		
1.12 Loans repaid by other entities		
1.13 Proceeds from acquisitions of controlled entity		
	-	(63)
<b>Net investing cash flows</b>		
1.14 <b>Total operating and investing cash flows</b>	(741)	(1,124)
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.		
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		
1.18 Repayment of borrowings		
1.19 Dividends paid		
1.20 Other		
<b>Net financing cash flows</b>	-	-
<b>Net increase (decrease) in cash held</b>	(741)	(1,124)
1.21 Cash at beginning of quarter/year to date	1,871	2,254
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 <b>Cash at end of quarter</b>	1,130	1,130

+ See chapter 19 for defined terms.

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	131
1.25	Aggregate amount of loans to the parties included in item 1.11	

1.26 Explanation necessary for an understanding of the transactions

Director's Salaries & Superannuation

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

**Financing facilities available**

*Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).*

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities		
3.2	Credit standby arrangements		

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**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	783	1,481
4.2 Deposits at call	202	114
4.3 Bank overdraft		-
4.4 Other (Term Deposit)	145	276
<b>Total: cash at end of quarter (item 1.23)</b>	<b>1,130</b>	<b>1,871</b>

**Acquisitions and disposals of business entities**

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity		
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does ~~not~~\* (delete one) give a true and fair view of the matters disclosed.

Sign here:  ..... Date: 30 January 2015  
 (Director & Company Secretary)

Print name: Sam Wright  
 .....

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## Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
  - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
  - 9.2 - itemised disclosure relating to acquisitions
  - 9.4 - itemised disclosure relating to disposals
  - 12.1(a) - policy for classification of cash items
  - 12.3 - disclosure of restrictions on use of cash
  - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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