

Phosphagenics to Strengthen Skincare Partnership with Prestige Cosmetics Brand Le Métier de Beauté

12 June 2014, Melbourne: Australian drug delivery company, Phosphagenics Limited (ASX: POH, OTCQX: PPGNY), will continue its partnership for the use of its TPM[®] dermal delivery technology in Le Métier de Beauté (LMDB) skincare products after the sale of LMDB's key assets in the United States.

The sale to Maison de Beauté LLC was approved in late May after LMDB entered into a voluntary Chapter 11 reorganisation process in February 2014. Throughout the process, Phosphagenics was involved in close discussions with LMDB's management, who have been retained under the asset sale.

Maison de Beauté intends to expand the promotional activities for LMDB's skincare line containing TPM[®], and plans to strengthen existing distribution relationships and establish new distribution channels. The purchaser has also paid in full the US\$325,000 owed to Phosphagenics in unpaid LMDB royalties (referred to in Phosphagenics' 2013 Annual Financial Report).

"The sale of LMDB's assets to Maison de Beauté provides an excellent opportunity for Phosphagenics," said Chief Executive Officer Harry Rosen. "LMDB is a significant partner in Phosphagenics' strategy to grow its revenue from the use of TPM[®] in skincare products. Maison de Beauté has already indicated its confidence in the LMDB products that use our TPM[®] technology, and should provide a stronger platform for increased revenue for Phosphagenics' skincare business moving forward."

LMDB CEO, Rich Blanch, said: "LMDB is a highly respected prestige brand in the cosmetics industry and we see Phosphagenics' unique delivery technology as integral to the future commercial success of our skincare line. The TPM[®] dermal delivery system provides LMDB a major point of differentiation from its competitors. We believe that Maison de Beauté will be able to provide the strategic, financial and marketing expertise to grow sales significantly."

LMDB specialises in highly curated colour cosmetics, skincare products and treatment products. In a partnership with Phosphagenics announced in 2009, the brand launched a Peau Vierge Anti-Aging Complex Tinted Treatment Fluid and Peau Vierge Correcteur Concealer, both containing TPM[®] dermal delivery technology and 1% retinol. The use of TPM[®] in the LMDB brand has since expanded significantly and the LMDB skincare line now includes seven products incorporating Phosphagenics' technology. LMDB products are sold through high end retailers such as Bergdorf Goodman, Neiman Marcus and Saks Fifth Avenue.

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About Phosphagenics

Phosphagenics Limited is a biotechnology company that is commercialising various products within the pharmaceutical, cosmetics and animal health sectors, using its proprietary drug delivery system called TPM[®] (Targeted Penetration Matrix). TPM[®] is a patient friendly and cost effective system, based on Vitamin E, that enhances the topical or transdermal delivery of active molecules. The lead products advancing through clinical trials are oxymorphone and oxycodone patches for the relief of chronic pain.

Phosphagenics' shares are listed on the Australian Securities Exchange (POH) and its ADR – Level 1 program in the US is with The Bank of New York Mellon (PPGNY).

Inherent Risks of Investment in Biotechnology Companies

There are a number of inherent risks associated with the development of pharmaceutical products to a marketable stage. The lengthy clinical trial process is designed to assess the safety and efficacy of a drug prior to commercialisation and a significant proportion of drugs fail one or both of these criteria. Other risks include uncertainty of patent protection and proprietary rights, whether patent applications and issued patents will offer adequate protection to enable product development, the obtaining of necessary drug regulatory authority approvals and difficulties caused by the rapid advancements in technology.

Forward-looking Statements

Certain statements in this announcement may contain forward-looking statements regarding Company business and the therapeutic and commercial potential of its technologies and products in development. Any statement describing Company goals, expectations, intentions or beliefs is a forward-looking statement and should be considered an at-risk statement. Such statements are subject to certain risks and uncertainties, particularly those risks or uncertainties inherent in the process of developing technology and in the process of discovering, developing and commercialising drugs that can be proven to be safe and effective for use as human therapeutics, and in the endeavour of building a business around such products and services.

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