

## **Appendix 4C - Quarterly Report & Company Update For the period ended 30 September 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. The patient had been diagnosed with colorectal cancer with lung and liver metastases.

PharmAust’s Executive Chairman, Dr Roger Aston said, “As a First in Man study, the drug will be potentially administered to patients suffering from diverse cancers. Recruitment will include selection of patients suffering from lung, pancreas, oesophageal, gastric, colorectal, ovarian, breast, prostate, liver, sarcoma, lymphoma, and melanoma” “PharmAust has reached an exciting stage in its evolution and we look forward to reporting outcomes on the safety and activity of PPL-1”

PharmAust expects to receive a report on the human trial from the principal investigator, Professor Michael Brown, once the all the tests on the first patient have been concluded. The Company would like to assure shareholders that it is working as closely as possible with the principal investigator, CMAX, CPR Pharma Services and the Royal Adelaide Hospital and thanks shareholders and investors for their continued patience.

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 will test the safety and efficacy of PPL-1 in a phase I/II design. To date, four dogs with untreatable progressive cancers (1x melanoma, 2x soft tissue sarcomas and 1x chemo-resistant lymphoma) have received PPL-1 either as “liquid” or “soft-gel” formulation on a compassionate use basis. PharmAust is pleased to report that no adverse events or toxicities were observed.

PharmAust looks forward to providing an update on the canine trial as it progresses.

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

Revenues from Discovery Services and other parts of Production continue to grow steadily during the quarter and Epichem received \$465k from DNDi (currently Epichem’s largest client) for work completed on its flagship project on Chagas disease.

The Australian Taxation Office recognised the innovation of the Research and Development being developed by Epichem. The Company had previously lodged an application with Innovation Australia following advice from PharmAust’s consultants that the R&D may qualify Epichem for a Research and Development Tax Rebate on its 2013 tax return.

Following approval from the ATO of Epichem’s application for a Research and Development rebate, an amount of \$79,095.34 was deemed refundable on PharmAust’s 2013 Tax Return and a cheque for that amount plus interest was subsequently been received and banked.

Epichem is currently exhibiting at CPhI Worldwide in Paris which is the largest pharmaceutical trade exhibition in the world.

# 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")

September 2014

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from customers	706	706
1.2 Payments for		
(a) staff costs	(519)	(519)
(b) advertising and marketing		
(c) research and development	(220)	(220)
(d) leased assets	(8)	(8)
(e) other working capital	(267)	(267)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	12	12
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (GST)	(24)	(24)
<b>Net operating cash flows</b>	<b>(320)</b>	<b>(320)</b>

+ See chapter 19 for defined terms.

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	Current quarter \$A'000	Year to date (3 months) \$A'000
1.8 Net operating cash flows (carried forward)	(320)	(320)
<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)	(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)	(63)
<b>Net investing cash flows</b>		
1.14 <b>Total operating and investing cash flows</b>	(383)	(383)
<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 (deposit from Diashi Mining)		
<b>Net financing cash flows</b>	-	-
<b>Net increase (decrease) in cash held</b>	(383)	(383)
1.21 Cash at beginning of quarter/year to date	2,254	2,254
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 <b>Cash at end of quarter</b>	1,871	1,871

+ 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	138
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
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- 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
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**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	417	532
4.2 Deposits at call	188	510
4.3 Bank overdraft	-	-
4.4 Other (Term Deposit)	1,266	1,212
<b>Total: cash at end of quarter (item 1.23)</b>	<b>2,254</b>	<b>2,254</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: 14 October 2014  
 (Director & Company Secretary)

Print name: Sam Wright  
 .....

+ See chapter 19 for defined terms.

## 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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