

ASX Release

31st January 2017

## Appendix 4C - Quarterly Report & Company Update for the period ended 31 December 2016

**PharmAust Limited** ("PharmAust") (ASX: PAA) is pleased to provide an update and review of its activities.

During the quarter, the Company has continued to make progress with the development of its key anti-cancer product, Monepantel ("MPL") and has further continued to build the contract sales and income activities of its wholly owned subsidiary, Epichem Pty Ltd.

### Phase II Canine Clinical Trial

During the past three months PharmAust has continued to recruit canines to evaluate the anticancer activities of MPL. The current phase II study is exploratory and is intended to provide an indication of either tumour regression or progression-free survival in a small number of dogs in order to facilitate further phase II work. Successful demonstration of these parameters not only confirms the value of MPL in veterinary cancers but also underpins the potential use of the drug in man.

Recent recruitment both in Cambridge and in Sydney has been slower than expected as many of the dogs available for treatment, which have failed standard of care, were too progressed to be acceptable in the study. In order to access earlier stage canine patients, PharmAust has submitted an application with Dr Frimberger to the Secretary's Animal Care and Ethics Committee to examine the use of MPL as a first line therapy before chemotherapy is administered. The company will advise on details of the target cancers when this new trial is approved and can begin.

Preliminary data from canines recruited in the phase II that have already received MPL both in the UK and Australia have shown an initial slowing down of the progression of their disease. These preliminary observations are in line with the data observed from the phase I study showing suppression of p70S6K cancer marker in advanced canine patients receiving MPL. However, the advanced nature of the canine cancers in the current patient cohort has resulted in the eventual progression of the cancer and withdrawal of animals. The company will seek to build on this preliminary data.

### Epichem Pty Ltd

During the quarter revenues were up substantially (27%) on the same period last year and Epichem is still on track to record revenues of over \$3m for FY2017. Invoices for January exceed \$1m and while January is traditionally Epichem's best month due to a number of large grant payments falling due, this still represents a significant milestone and ensures that Q3 will be another new record for Epichem.

Epichem's expert team of medicinal chemists is also supporting PharmAust's 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 continued to promote its products and services both within Australia and overseas with staff attending a number of conferences and tradeshows including AusBiotech in Melbourne and a Tropical Medicine Conference in Brisbane. Most notably, Epichem attended CPhI WorldWide in Barcelona, Spain, which is 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.

Epichem continues to expand operations and has secured a lease on a further 120m<sup>2</sup> of space at its current facility at Technology Park. This will enable the installation of an additional 6 fumehoods when funds become available, increasing capacity by approximately 50%.

## **Annual General Meeting**

The Annual General Meeting of the Shareholders of PharmAust Limited was held at Spruson & Ferguson, Level 35, St Martins Tower, 31 Market Street, Sydney, New South Wales, at 11:00 am (EDST) on Friday, 11 November 2016. All resolutions that were put were unanimously passed on a show of hands.

## **Rights Issue**

During the quarter, PharmAust successfully raised \$2.7m under the Rights Issue Prospectus dated 7 November 2016.

## **Subsequent Events**

On 30 January 2017, PharmAust announced that it has received \$406,237.05 from the Australian Taxation Office in recognition of the innovation of the Research and Development being developed by wholly owned subsidiaries, Epichem and Pitney Pharmaceuticals. This payment is also not included in this Appendix 4C – Quarterly Report as it was received after 31 December 2016.

**For further details, please contact:**

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**Executive Director**  
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## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

PharmAust Limited

**ABN**

35 094 006 023

**Quarter ended ("current quarter")**

December 2016

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	549	1,269
1.2 Payments for		
(a) research and development	(55)	(189)
(b) product manufacturing and operating costs		
(c) advertising and marketing		
(d) leased assets		(8)
(e) staff costs	(459)	(932)
(f) administration and corporate costs	(467)	(1,002)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	4
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (GST)	1	
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(429)</b>	<b>(857)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment		(38)
(b) businesses (see item 10)		
(c) investments		

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
(d) intellectual property		
(e) other non-current assets		
2.2 Proceeds from disposal of:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		5
(d) intellectual property		
(e) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
<b>2.6 Net cash from / (used in) investing activities</b>	<b>0</b>	<b>(33)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	2,703	2,703
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options	(2)	(2)
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings	(10)	(48)
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
<b>3.10 Net cash from / (used in) financing activities</b>	<b>2,691</b>	<b>2,653</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	422	921
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(429)	(857)
4.3 Net cash from / (used in) investing activities (item 2.6 above)		(33)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	2,691	2,653

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held		
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>2,684</b>	<b>2,684</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	839	412
5.2	Call deposits	1,835	
5.3	Bank overdrafts		
5.4	Other (provide details)	10	10
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,684</b>	<b>423</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter  
\$A'000**

107

Director's Salaries & Superannuation

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter  
\$A'000**

<b>8.</b>	<b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1	Loan facilities		
8.2	Credit standby arrangements		
8.3	Other (please specify)		
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

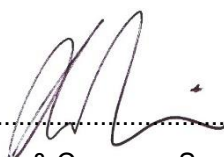
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<b>9.</b>	<b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1	Research and development	100
9.2	Product manufacturing and operating costs	
9.3	Advertising and marketing	
9.4	Leased assets	
9.5	Staff costs	450
9.6	Administration and corporate costs	450
9.7	Other (provide details if material)	
<b>9.8</b>	<b>Total estimated cash outflows</b>	<b>1,000</b>

<b>10.</b>	<b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
10.1	Name of entity		
10.2	Place of incorporation or registration		
10.3	Consideration for acquisition or disposal		
10.4	Total net assets		
10.5	Nature of business		

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: .....  ..... Date: 31 January 2017  
(Director & Company Secretary)

Print name: .....  
Sam Wright

**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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.