

ASX Release

29<sup>th</sup> April 2016

## **Appendix 4C - Quarterly Report & Company Update For the period ended 31 March 2016**

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

### **Strategy for Phase II Clinical Trial of Monepantel**

During the quarter, the Company reported that it was in detailed discussions with a leading UK-based clinical oncologist to evaluate monepantel in patients with oesophageal cancer. This will constitute a Phase II trial with participation from UK and Australia. It is planned that similar studies will be undertaken with patients suffering with two other types of cancer.

The purpose of these Phase II studies is to identify which leading cancer(s) PharmAust should target with the new formulation of monepantel currently being manufactured by Juniper Pharma Services. The outcome of this stage will define the development and product registration strategy of the company.. The trials are designed to provide short-term feedback on the efficacy of monepantel (MPL). In particular, PharmAust will utilise PET-FDG-CT (Positron Emission Tomography) analysis of patients' tumours to determine the effects of MPL.

PharmAust will provide further updates to the market on the first centre and key personnel involved.

### **Juniper Pharma Services appointed to reformulate Monepantel for Phase II Trials**

During the quarter, PharmAust appointed Juniper Pharma Services, a subsidiary of Juniper Pharmaceuticals, Inc. (Nasdaq: JNP), to reformulate monepantel (MPL) for its Phase II trial currently in planning and preparation.

UK-based Juniper Pharma Services will also manufacture 20,000 capsules of the reformulated MPL solution under Good Manufacturing Practice (GMP), ensuring that the Phase II data are admissible to regulators as part of any subsequent submissions.

The primary need to reformulate MPL stems from the particularly unpleasant taste of the original MPL formulation, as used at the Royal Adelaide Hospital during the Phase I study. Despite showing significant activity of MPL on tumour markers such as p70S6K and p-4E-BP1, compliance by patients in taking the drug for 28 days was poor due to nausea associated with the exceptionally poor palatability of the drug.

### **RedChip issues research on PharmAust with \$0.35 target**

RedChip Companies, Inc. issued a research profile on PharmAust. RedChip is a world leader in investor relations, financial media, and research for microcap, small-cap, and mid-cap stocks. Founded in 1992 and headquartered in Orlando, Florida, with affiliates in New York, Pittsburgh, Paris and Seoul, RedChip has helped hundreds of companies achieve their capital markets goals and has been ranked by Inc. Magazine as one of the fastest growing privately held investor relations firms in the U.S. RedChip's platform includes a weekly television show, "The RedChip Money Report," which reaches more than 160 million households in Australia, Europe, Asia, and Latin America (<http://www.redchip.com/tv>).

A full copy of the RedChip research note is available for download on the Company's website [www.pharmaust.com](http://www.pharmaust.com)

## PharmAust receives \$546K R&D rebate from ATO

During the quarter, PharmAust advised that the Australian Taxation Office (“ATO”) has recognised the innovation of the Research and Development being developed by wholly owned subsidiaries, Epichem Pty Ltd and Pitney Pharmaceuticals Pty Limited.

The Company had previously lodged an application with Innovation Australia following advice from PharmAust’s consultants that the R&D may qualify for a Research and Development Tax Rebate on its 2015 tax return.

Following approval from the ATO of the Company’s application for a Research and Development rebate, an amount of \$546,034.50 was deemed refundable on PharmAust’s 2015 Tax Return and a cheque for that amount plus interest has subsequently been received by PharmAust.

## Epichem Pty Ltd (100% wholly owned)

Epichem closed its small operation in Melbourne in early January and has now consolidated all of its operations at its new facilities at Technology Park in Perth. Western Australia’s Chief Scientist, Professor Peter Klinken, officially opened the new facilities on 9 February.

Epichem made its first sale to Pakistan in March and has now sold products to 35 countries worldwide. In February, Epichem’s US Distributor (Symtera Analytics) began warehousing local stocks of a selection of Epichem’s products to enable next day delivery to US customers.

Epichem recently appointed Dr Rebecca McCrackan as a Non-Executive Director. Dr McCrackan has extensive experience in biomedical research and IP law. Dr McCrackan completed a BSc (Hons) in Biomedical Sciences & Biotechnology at Murdoch University, then a PhD in Biomedical Sciences at WEHI, followed by a Post Doctoral studies at the Spanish National Cancer Centre. Dr McCrackan also holds a Masters in Intellectual Property Law from University of Technology Sydney and has worked as a patent attorney and IP advisor for a number of companies.

### 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")

March 2016

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from customers	993	2,045
1.2 Payments for		
(a) staff costs	(447)	(1,463)
(b) advertising and marketing		
(c) research and development	(19)	(359)
(d) leased assets	(8)	(24)
(e) other working capital	(492)	(1,566)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	12	30
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (GST & R&D Rebate)	511	541
<b>Net operating cash flows</b>	<b>550</b>	<b>(796)</b>

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

	Current quarter \$A'000	Year to date (9 months) \$A'000
1.8 Net operating cash flows (carried forward)	550	(796)
<b>1.9 Cash flows related to investing activities</b>		
Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	(9)	(1,448)
(e) other non-current assets		
<b>1.10 Proceeds from disposal of:</b>		
(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		
	(9)	(1,448)
<b>Net investing cash flows</b>		
<b>1.14 Total operating and investing cash flows</b>	541	(2,244)
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.		1
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		740
1.18 Repayment of borrowings	(138)	(153)
1.19 Dividends paid		
1.20 Other		
<b>Net financing cash flows</b>	(138)	588
<b>Net increase (decrease) in cash held</b>	403	(1,656)
1.21 Cash at beginning of quarter/year to date	1,352	3,411
1.22 Exchange rate adjustments to item 1.20	-	-
<b>1.23 Cash at end of quarter</b>	1,755	1,755

+ 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	133
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	745	342
4.2 Deposits at call		
4.3 Bank overdraft		
4.4 Other (Term Deposit)	1,010	1,010
<b>Total: cash at end of quarter (item 1.23)</b>	<b>1,755</b>	<b>1,352</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: 29 April 2016  
(Director & Company Secretary)

Print name: Sam Wright  
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+ 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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