

ASX Release

25th July 2014

Appendix 4C - Quarterly Report & Company Update

For the period ended 30 June 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 made significant progress with the development of its key anti-cancer product, PPL-1 and now the Royal Adelaide Hospital and the Homebush Veterinary Centre both have all the required regulatory approvals to commence their trials.

On 15th April, the Company announced that it has received approval from the Research Ethics Committee of the Royal Adelaide Hospital to begin evaluation of proprietary drug PPL-1 in a Phase I/II clinical trial.

The clinical trial will be undertaken by the Royal Adelaide Hospital in approximately 12 -15 human patients suffering from a variety of late stage cancers, potentially including the major cancers such as lung, pancreas, oesophageal, gastric, colorectal, ovarian, breast, prostate, liver, sarcoma, lymphoma, and melanoma.

On 19th May, PharmAust announced that it has received approval from the Royal Adelaide Hospital Governance Committee to begin evaluation of proprietary drug PPL-1 in a Phase I/II clinical trial in man. This is the final approval required to commence this trial following the earlier approval of the trial from the Royal Adelaide Hospital Ethics Committee.

On 23rd June PharmAust further reported that following a "Trial Initiation Meeting" between the Company, Professor Michael Brown (the principal investigator), and the Contract Research Organisations managing the clinical services (IDT CMAX) and analytical services (CPR Pharma Services), the screening of patients for recruitment and treatment has been initiated. The Company will report on the dosing of the first patient as soon as patients satisfying the inclusion and exclusion criteria are identified.

PharmAust's Executive Chairman, Dr Roger Aston said, "PharmAust's scientific and clinical team, has managed to take a new potential anticancer agent from the bench to approval of 'first-in-man' trial within 10 months. We are grateful and acknowledge NewSouth Innovations in this discovery and their continued support of the work emanating from the St George Hospital. The trial is the culmination of many years of research and development in the laboratory of Professor David Morris."

The cancer chemotherapy market (estimated at \$42 billion/annum)* is currently the fastest growing sector within the pharma industry, mainly driven by the identification of new potential therapeutic targets. This growth is further fuelled by the magnitude of the disease worldwide, currently estimated at more than 25 million people suffering from cancer globally, and an estimated 5 million people dying each year from the disease.

*Reference: Research and Markets.com accessed 14th February 2014:

http://www.researchandmarkets.com/reports/335548/chemotherapy_market_insights_20062016_a

EPICHEM PTY LTD – 100% OWNED SUBSIDIARY

Revenues continue to grow steadily and the 2014 financial year saw record revenues for Epichem of \$1.89 million.. This is 12% up on last year's revenues of \$1.69 million. The preliminary estimate for profit is \$135,000 which is also up on last year's \$85,000.

With two continuous years of profit, 2014 has seen Epichem reinvest in both its equipment and personnel. With recent acquisitions including an LCMS, HPLC, Flash Chromatography System, Karl Fischer Titrator, and the imminent arrival of new IT infrastructure, Epichem is now properly equipped for the task at hand. The restructuring of management, and in particular the recent relocation of the Head of Production position back to Perth, has had a significant impact on not only the capacity and reliability of Production but also on the robustness of our Quality Systems.

Epichem attended several trade shows during the quarter including the BIO International Convention in San Diego, USA and in particular made its first independent exhibition at an overseas trade show - Pittcon in Chicago, USA. Pittcon is the world's largest annual premier conference and exposition on laboratory science.

Epichem's sales of analytical standards continues to grow with Thailand and China recently added to its growing list of export markets. Epichem has now exported its products and services to 32 countries worldwide.

Subsequent Events

On 14th July 2014, Epichem received \$465k from DNDi (currently Epichem's largest client) for work completed on its flagship project on Chagas disease. This payment is not included in this Appendix 4C – Quarterly Report.

For further details please contact:

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PharmAust Limited
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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")

June 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from customers	154	1,842
1.2	Payments for (a) staff costs	(429)	(1,585)
	(b) advertising and marketing		
	(c) research and development	(111)	(271)
	(d) leased assets	(8)	(22)
	(e) other working capital	(284)	(1,534)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	18	71
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (GST)	9	8
	Net operating cash flows	(651)	(1,491)

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

	Current quarter \$A'ooo	Year to date (12 months) \$A'ooo
1.8 Net operating cash flows (carried forward)	(651)	(1,491)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	(19)	(159)
(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		374
	(19)	215
Net investing cash flows		
1.14 Total operating and investing cash flows	(670)	(1,276)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.		3,263
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		
1.18 Repayment of borrowings		(64)
1.19 Dividends paid		
1.20 Other (deposit from Diashi Mining)		
Net financing cash flows	-	3,199
Net increase (decrease) in cash held	(670)	1,921
1.21 Cash at beginning of quarter/year to date	2,924	333
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	2,254	2,254

+ 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	

+ See chapter 19 for defined terms.

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

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	532	356
4.2	Deposits at call	510	-
4.3	Bank overdraft	-	-
4.4	Other (Term Deposit)	1,212	2,348
Total: cash at end of quarter (item 1.23)		2,254	2,704

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 ~~/does not~~* (delete one) give a true and fair view of the matters disclosed.

Sign here:  Date: 25 July 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.

+ See chapter 19 for defined terms.