



16 March 2005

PharmAust Limited Investor Update

- **PharmAust Manufacturing Building Works Completed**
- **Epichem Exceeds First Year Income Budget**
- **Acquisition of Mimotopes Pty Ltd**
- **Epichem Awarded Major New 5-Year Contract**

2005 will see PharmAust Limited continue to pursue its stated growth strategy by diversifying and expanding its base of supply contracts, customers and markets.

PharmAust is a unique vertically integrated pharmaceutical business involved in a range of activities from contract drug discovery and development to manufacturing, sales and marketing of healthcare & pharmaceutical products. PharmAust wholly owns subsidiary companies:

- **PharmAust Manufacturing Pty Ltd (PAM)**, focused on manufacturing and marketing non-therapeutic and therapeutic pharmaceutical products for the Australian market.
- **Epichem Pty Ltd**, which provides contract chemistry services alongside its own intellectual property-generating research activities and;
- **Mimotopes Pty Ltd**, which provides products and services in discovery chemistry to the global pharmaceutical and biotechnology industries.

PharmAust Manufacturing Pty Ltd (PAA 100%)

Refurbishment of Facilities and Instatement of TGA License

Refurbishment of PharmAust Manufacturing's (PAM) production facility began in late December 2004, with a focus on establishing compliance and validation for the facility - including the pressure balanced Cleanroom.

Construction of the middle warehouse, new rear warehouse, offices, laboratory, goods inwards bay, lunchrooms and ablutions has now been concluded. The bulk of the cleanroom physical construction is complete, and a commissioning and validation phase is now underway to establish a Therapeutic Goods Administration (TGA) license. A validation critical path is now being actioned and the goal has been set to conduct a TGA audit in July / August

Re-instatement of the TGA license will open the door for *manufacturing* of PAM's full suite of therapeutic TGA registered products, as well as manufacturing therapeutic goods on behalf of third parties.

Sales & Production

Sales of much of PAM's range of therapeutic and non-therapeutic products have continued throughout the renovation process, generating continuous revenues for the company with a small un-audited profit being produced last month. PAM is currently finalising future supply contracts for ongoing manufacturing and supply of therapeutic and non-therapeutic goods.

PAM has secured a number of new supply contracts and an invitation has been extended to once again tender to supply products to Foodland Associated Limited (FAL), one of Australia's largest supermarket operators and grocery wholesalers.

Negotiations are also currently being finalised on a deal to supply several products under the 'Black & Gold' banner to another of Australia's leading marketing and distribution companies, Metcash, a supplier of 4,500 independent grocery stores.

PAM has recently appointed a new Production Manager to cope with the increasing demand, facilitate the efficient commencement of therapeutics manufacturing, commission new equipment and train staff.

XEPA Product Registrations

In addition to manufacturing from its existing base of ARTG licensed products, PAM is also rapidly progressing its strategy to develop the sponsorship and marketing of other ARTG products in Australia and South East Asia, specifically **Melicron** "Gliclazide" and **Covastin** "Simvastatin" tablets.

To facilitate this strategy, PAM has entered into a Channel & Distribution Agreement with Xepa-Soul Pattinson (XSP), a wholly owned subsidiary of Apex Healthcare, one of Malaysia's largest pharmaceutical and healthcare companies. Under the agreement, XSP has appointed PAM as its exclusive distributor and promoter of Melicron and Covastin. Covastin products become free of patent protection in Australia in June 2005, whilst Melicron is currently free of Australian patent protection.

PAM's registration of **Covastin** "Simvastatin" tablets on the ARTG is progressing. Preparation of the data packages to support product registrations is underway.

Registration of any XEPA generic products must be correctly handled first time and in accordance with stringent TGA requirements. The importance to PAM of first time registration should not be underestimated.

A conscientious decision has been made by the board that incoming Pharmaust CEO Dr John Moursounidis review all work completed by PAM thus far relating to the registration of the XEPA products in Australia. Most recently the Head of Scientific Affairs at Boots Healthcare Australia Pty Ltd he has an advanced understanding of registration procedures and requirements.

Epichem Ltd (PAA 100%)

Income Targets Exceeded

Epichem has continued to exceed expectations and perform well, surpassing its revenue targets for its first 12 months of operation. Total income for this period was \$700,202, above Epichem's budget income for its first year as detailed in the Company's initial business plan. Epichem has been self funding for some time.

Major New Contact

Epichem recently signed a five-year contract with a major US based multinational pharmaceutical company to supply services in synthetic chemistry. Following a successful inspection of Epichem's facilities by the client's outsourcing department, Epichem was given the green light to undertake contract synthesis for the company.

The new contract, which is subject to a confidentiality agreement, will allow Epichem to bid on a range of future projects provided by the client over the life of the contract. It is also an excellent indication that Epichem is already attracting the attention of major international clients.

It is anticipated that work under the new contract will begin within five weeks.

Mimotopes Pty Ltd (PAA 100%)

PharmAust's most recent acquisition is Melbourne-based discovery chemistry company, Mimotopes Pty Ltd. Established in 1988, Mimotopes provides products and services in discovery chemistry to the global pharmaceutical and biotechnology industries. The Company is housed in a state-of-the-art facility capable of supporting up to 60 chemists, located in a technology precinct adjacent to Monash University in Victoria.

In its first week of operation as a PharmAust subsidiary, Mimotopes has received several orders, including a contract to supply \$830,000 worth of SynPhase™ components - Mimotopes' patented technology platform along with another \$100,000 plus worth of orders for other chemistry related services.

Over 96% of Mimotopes revenue comes from overseas clients, ranging from private university researchers through to major international pharmaceuticals companies such as GlaxoSmithKline, Pfizer and Novartis.

Mimotopes has three main business units:

Discovery Chemistry Unit: Provides tailored chemistry service solutions for advanced drug discovery programs on behalf of a world wide client base. An excellent complement to Epichem, it is expected that the Discovery Chemistry Unit will be merged with Epichem.

SynPhase Unit: Offers a range of innovative products for combinatorial and solid-phase chemistry, using the Company's *patented technology platform, SynPhase™*. This technology allows for the fast production of large numbers of compounds. Mimotopes has a number of licensing and distribution contracts for its SynPhase™ range of products.

Peptide Unit: Creates synthesised peptides for a broad spectrum of applications. Peptides are used for research into areas such as vaccine development, diagnostic kits to screen for diseases as well as therapeutic drug applications.

PharmAust considers Mimotopes an ideal opportunity to expand and augment its drug and chemistry discovery business and the Board will look to exploit the synergy between Epichem and Mimotopes by combining the expertise of staff and management in both businesses.

Corporate

Appointment of CEO

The Board of PharmAust is pleased to welcome Dr John Moursounidis as Chief Executive Officer. Dr Moursounidis has more than 17 years' experience in the international pharmaceutical and healthcare industries, having held senior positions at Procter & Gamble and Boots Healthcare Australia.

Most recently, Dr Moursounidis was Head of Scientific Affairs at Boots Healthcare Australia Pty Ltd. Prior to this; he was Head of Professional & Regulatory Services for Procter & Gamble based in Japan. Dr Moursounidis' hands on experience with some of the world's major pharmaceutical and healthcare groups will play a pivotal role in the next phase of PharmAust's growth and development.

Rights Issue

PharmAust is pleased to announce an acceptance level of over 70% of entitlements for its recent non-renounceable rights issue to shareholders. The shortfall has now been placed to strategic parties.

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