

ASX Release

28th July 2015

Appendix 4C - Quarterly Report & Company Update For the period ended 30 June 2015

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

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. Following the announcement of further key results, PharmAust can confirm that PPL-1 has significant activity in suppressing a cancer marker associated with numerous cancers. Executive Chairman of PharmAust, Dr Roger Aston stated that the Phase I/II human trial conducted at Royal Adelaide Hospital and Lyell McEwin Hospital in South Australia has shown these effects in "Advanced Patients" which is particularly exciting as this group has failed all "Standard of Care" meaning they have few if any treatment alternatives available.

Trial results to date show that there is a significant drop in a key cancer marker (p70S6K) in immune white blood cells, even at low doses of the drug. Inhibition of this marker is extensively correlated in peer review publications with a reduction in malignancy and the aggressive nature of cancer cells. The trials also confirm that PPL-1 has no adverse side effects, even at high doses.

The next stage is for clinical trials with PPL-1 and chemotherapy. The Company has shown that PPL-1 can significantly enhance chemotherapy in model systems without associated enhancement of toxicity commonly seen with chemotherapy drugs. Today, if one includes palliative therapies, the chemotherapy market has topped US\$100 billion¹ (1Reuters). If successful, this will be a defining trial for PharmAust as their drug will need to be initially used on the backdrop of the chemotherapy "Standard of Care".

The company is also undertaking trials on canines in a Sydney-based veterinary surgery specializing in the treatment dogs with cancer. The surgery, in association with Dr Angela Frimberger, a dog cancer specialist, is evaluating a combination treatment of PPL-1 and chemotherapy drugs. They have shown no adverse side effects.

PharmAust has received strong support from investors, raising \$3.3m in equity during the quarter, to provide sufficient funds to complete its forward program. Consideration will now be given to joining with a major international pharmaceutical company to shorten the time to market and begin trials in the USA and Europe.

EPICHEM PTY LTD – 100% OWNED SUBSIDIARY

Revenues from the sales of Reference Standards were a record \$200k in Q4 which included Epichem's first sale to Belarus. To date Epichem has sold products and/or services to customers in 33 countries worldwide. The company is also thrilled to advise that unaudited accounts for the year ended 30 June 2015 show total revenues in excess of \$2 million which is an all-time record. Epichem also began a significant expansion in June. After 12 years at Murdoch University, Epichem is moving to much larger facilities at WA's Technology Park. The new laboratory, which is being purpose built for Epichem's needs, is expected to be complete by September. The extra capacity of the new facilities will allow Epichem to rapidly grow its business to our 5-year target of \$10 million pa.

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")

June 2015

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	507	2,288
1.2 Payments for (a) staff costs	(466)	(2,079)
(b) advertising and marketing	(170)	(636)
(c) research and development	(8)	(32)
(d) leased assets	(431)	(1,326)
(e) other working capital		
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	11	37
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (GST)	(28)	13
Net operating cash flows	(586)	(1,735)

+ See chapter 19 for defined terms.

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admitted on the basis of commitments

	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(586)	(1,735)
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		(110)
(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		
		(110)
Net investing cash flows		
1.14 Total operating and investing cash flows	(586)	(1,844)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	1,388	3,000
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		
Net financing cash flows	1,388	3,000
Net increase (decrease) in cash held	802	1,156
1.21 Cash at beginning of quarter/year to date	2,608	2,254
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	3,410	3,410

+ 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

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	728	380
4.2 Deposits at call	222	2,218
4.3 Bank overdraft		
4.4 Other (Term Deposit)	2,460	10
Total: cash at end of quarter (item 1.23)	3,410	2,608

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: 28 July 2015
 (Director & Company Secretary)

Print name: Sam Wright

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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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