

30 January 2014

ASX Limited
Adviser, Issuers (Sydney)
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Attention: Stephanie Yong

Dear Ms Yong,

Appendix 4C: Quarterly Report

Pharmaxis Ltd (**Pharmaxis**) quarterly report for the three months ended 31 December 2013 is attached to this letter. Pharmaxis advises that an investor conference call to discuss progress over the quarter including its financial position and cash flow is scheduled to occur on 20 February 2014 to coincide with the release of the Company's half year report. Further details of the call will be announced to the market closer to the event.

Yours sincerely



David McGarvey
Chief Financial Officer/ Company Secretary

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

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

Name of entity

Pharmaxis Ltd

ABN

75 082 811 630

Quarter ended ("current quarter")

31 December 2013

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (Six months) \$A'000
1.1 Receipts from customers	1,429	2,583
1.2 Payments for		
(a) staff costs	(4,313)	(9,295)
(b) advertising and marketing	(1,195)	(1,566)
(c) research and development	(2,070)	(3,651)
(d) leased assets	(10)	(22)
(e) other	(1,621)	(6,586)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	466	1,010
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid	6	13
1.7 Other – Government grants	4,839	4,911
Net operating cash flows	(2,469)	(12,603)

+ See chapter 19 for defined terms.

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

	Current quarter \$A'000	Year to date (Six months) \$A'000
1.8 Net operating cash flows (carried forward)	(2,469)	(12,603)
1.9 Cash flows related to investing activities		
Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	(17)	(35)
(d) physical non-current assets	(1)	(56)
(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	11	11
(e) other non-current assets		
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other	-	-
Net investing cash flows	(7)	(80)
1.14 Total operating and investing cash flows	(2,476)	(12,683)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	-
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from financing agreement	-	-
1.18 Repayment of borrowings		
1.19 Dividends paid		
1.20 Other (finance lease payments)	(336)	(676)
Net financing cash flows	(336)	(676)
Net increase (decrease) in cash held	(2,812)	(13,359)
1.21 Cash at beginning of quarter/year to date	53,414	63,943
1.22 Exchange rate adjustments to item 1.20	83	101
1.23 Cash at end of quarter	50,685	50,685

+ 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	70
1.25	Aggregate amount of loans to the parties included in item 1.11	

1.26 Explanation necessary for an understanding of the transactions

Payments represent directors fees for quarter

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

Nil

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

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	Nil	Nil
3.2	Credit standby arrangements	Nil	Nil
	Other	See below	See below

As announced to the market on 30 October 2013, the Company has elected to receive an additional US\$20 million under the Financing Agreement signed in January 2013 with NovaQuest Pharma Opportunities Fund III, LP. The additional US\$20 million investment is subject to Pharmaxis meeting certain commercial and regulatory performance criteria including randomisation of the first patient into a US pivotal Phase 3 clinical trial by 17 October 2014.

+ See chapter 19 for defined terms.

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

Reconciliation of cash

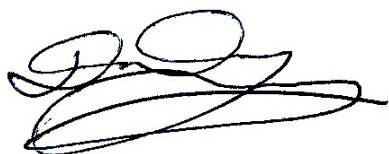
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	1,624	1,808
4.2 Deposits at call	253	1,423
4.3 Bank overdraft	-	-
4.4 Other (provide details) - bank accepted bills and term deposits	48,808	50,183
Total: cash at end of quarter (item 1.23)	50,685	53,414

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	Nil	Nil
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:
 (Chief Financial Officer/Company Secretary)

Date: 30th January 2014

Print name: David McGarvey

+ 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 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting 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.