

# 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")

**30 June 2014**

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (Twelve months) \$A'000
1.1 Receipts from customers	1,404	5,392
1.2 Payments for		
(a) staff costs	(4,038)	(17,416)
(b) advertising and marketing	(613)	(2,947)
(c) research and development	(5,739)	(11,242)
(d) leased assets	(9)	(40)
(e) other	(362)	(8,527)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	340	1,735
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid	2	(22)
1.7 Other – Government grants	24	4,935
<b>Net operating cash flows</b>	<b>(8,991)</b>	<b>(28,132)</b>

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	Current quarter \$A'000	Year to date (Twelve months) \$A'000
1.8 Net operating cash flows (carried forward)	(8,991)	(28,132)
<b>1.9 Cash flows related to investing activities</b>		
Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	(16)	(130)
(d) physical non-current assets	(161)	(217)
(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	-	34
(e) other non-current assets		
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other	-	-
<b>Net investing cash flows</b>	<b>(177)</b>	<b>(313)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>(9,168)</b>	<b>(28,445)</b>
<b>Cash flows related to financing activities</b>		
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)	(343)	(1,357)
<b>Net financing cash flows</b>	<b>(343)</b>	<b>(1,357)</b>
<b>Net increase (decrease) in cash held</b>	<b>(9,511)</b>	<b>(29,802)</b>
1.21 Cash at beginning of quarter/year to date	43,712	63,943
1.22 Exchange rate adjustments to item 1.20	(19)	41
<b>1.23 Cash at end of quarter</b>	<b>34,182</b>	<b>34,182</b>

Product sales (on an accrual basis) for the full year ended 30 June 2014 totalled \$5,036,316 and for the current quarter \$1,440,607. Research and development payments for the full year ended 30 June 2014 included payments related to the evaluation and commencement of the Company's US Phase III pivotal clinical trial in adults aged 18 years and over. The amount directly paid to the managing Clinical Research Organisation for the period to 30 June 2014 was \$3,783,473 and for the current quarter \$3,011,463. The investment in the US Phase III clinical trial was undertaken in anticipation of the Company receiving an additional US\$20 million under the Financing Agreement signed with NovaQuest Pharma Opportunities Fund III, LP. Refer to the Financing Facilities Available in section 3 below.

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## 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	60
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, subject to Pharmaxis meeting certain commercial and regulatory performance criteria. However, attention is drawn to the ASX Release dated 8 July 2014 entitled "Communication from Financier NovaQuest" that provides background of an allegation by NovaQuest that the Company has breached the Financing Agreement and why the drawdown of the second tranche of US\$20 million may not occur. The Company strongly rejects the allegation made by NovaQuest, will contest the allegation and take all appropriate steps in an effort to ensure that NovaQuest complies fully with its obligations under the Financing Agreement.

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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	973	2,748
4.2 Deposits at call	2,526	3,224
4.3 Bank overdraft	-	-
4.4 Other (provide details) - bank accepted bills and term deposits	30,683	37,740
<b>Total: cash at end of quarter (item 1.23)</b>	<b>34,182</b>	<b>43,712</b>

**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: 30<sup>th</sup> July 2014

Print name: David McGarvey

**Notes**

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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.

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