



1 February, 2008

The Manager  
Company Announcements  
Australian Stock Exchange Limited  
*Via Electronic Lodgement*

Dear Sir/Madam

**RECEIPTS UP 29% - TOTAL GROUP INCOME UP 106%  
AMENDMENT TO COMPANY PROGRESS REPORT**

Yesterday, PharmAust Limited (ASX: PAA) released its Quarterly Cash Flow Report (Appendix 4C) to the market. Due to an administrative error, the accompanying Company Progress Report had some minor errors with the calculation of the percentage differences from the previous quarter.

PharmAust is pleased to announce that in fact group receipts from customers increased by 29% (not 13%) to 550K. The total group income increased by 106% (not 35%) for the quarter to \$1,095,921 which is an extraordinary improvement from the 531K in the previous quarter.

Please find attached the amended Company Progress Report.

Yours sincerely,

A handwritten signature in black ink, appearing to be "S. Wright", written in a cursive style.

Sam Wright  
Company Secretary



31 January, 2008

The Manager  
Company Announcements  
Australian Stock Exchange Limited  
*Via Electronic Lodgement*

Dear Sir/Madam

**APPENDIX 4C AND BRIEF COMPANY PROGRESS REPORT  
REPORT TO BE READ IN CONJUNCTION WITH THE 4C**

**1.1 Group receipts from customers increased by 29% to \$550k**

The total group income, which is not shown on the 4C, increased by 106% to \$1,095,921. An impressive improvement on the previous quarter's income of \$531k

Epichem's receipts from customers totalled \$256k and total income was \$536k up 86% from \$287k. Several significant invoices were presented to clients during the period.

PharmAust Manufacturing receipts from customers jumped 121% to \$293k and income increased by 131% to \$ 545k up from \$235k in the previous quarter.

**1.2 Payments for (a) staff costs**

Strong demand saw the employment of several new chemists at Epichem with staff costs rising 12%. Staff costs at PAM increased 1% and overall group staff costs rose 11% reflecting the increase in total work in progress within the group and the need for temporary staff at PAM.

**1.2 Payments for (e) other working capital increased to \$ 709k for the quarter from \$356k**

Paradoxically, the major factor for the increase is the successful new large contract secured by PharmAust Manufacturing during the period.

The recent unsuccessful corporate and legal activity initiated by some shareholders concerned many of PharmAust's suppliers who would no longer extend credit to PharmAust Manufacturing. As a result PharmAust Manufacturing was required to pre pay for supply of the bulk of the raw materials required to complete the contract. However, this job is now well progressed and the stock raw materials are being converted to product.

Larger than normal legal and accounting costs related to the shareholder activity and recent capital raisings also added to the increase.

**1.10 Proceeds from the disposal of (d) non current assets**

This figure of 51K reflects the purchase of a new mixing tank which has achieved greater economies of scale in production which were urgently required.

**1.15 Proceeds from issue of shares, options etc**

PharmAust Limited successfully completed its fully underwritten rights issue during the quarter to raise \$3,550,000 less costs of the raising. This raising would on face value appear to be very timely given recent global financial events.

**1.18 Repayment of borrowings**

\$300,000 was allocated during the quarter to repay short term loans established prior to the rights issue completion.

## **COMPANY PROGRESS BRIEF**

### **EPICHEM**

Epichem's improved performance appears to be due in some part to a greater than expected growth in global demand for Discovery Services, combined with better than expected Catalogue Sales.

Whilst Epichem experienced good revenues and profits for the quarter, future expectations for the next quarter are high. Even though Epichem employed several new chemists in the last quarter a great deal of thought is now being put into ensuring that Epichem can practically satisfy future demand.

If the strong demand for Epichem services continues, there will be a requirement for additional laboratory space and discussions have been initiated with several institutions.

### **PHARMAUST MANUFACTURING**

Mr Graeme Kibell commences as the new CEO of PharmAust Manufacturing on the 1<sup>st</sup> of February. Mr Kibell has strong credentials. He comes from being recently employed as the General Manager of Manufacturing for a global corporation who are market leaders in their product and service. Overseeing 100 people in a 24 hour/seven day operation, he controlled all aspects of manufacturing, logistics, technical and finance.

His new role at PharmAust Manufacturing is to ensure that all facets of PAM's operations become geared towards achieving a profit performance and that assets are effectively managed so as to maximise return on investment with a focus on setting and controlling business operating budgets and rolling forecasts. Graeme has a Bachelor of Applied Science in (Chemistry & Physics).

Current PharmAust Manufacturing CEO Dr John Moursoundis will continue with PharmAust in a new role with a lead R&D / technical capability but a focus on growing PAM business with both new and existing clients in practical areas such as building AUST R capability and by growing the tendering programs for both private and government sectors for the supply of all PharmAust products.

A TGA audit is currently in progress at PharmAust Manufacturing and this is expected to be completed by the end of January 2008.

PharmAust Manufacturing will be attending the annual Australia Pharmacy Professional Conference & Trade Exhibition in March. This is the #1 opportunity to network in one location. PAM's largest client was secured through attendance last year.

PharmAust Manufacturing recently won a small tender for NSW hospitals and all government tenders in progress including the QLD tender are progressing well.



Bryant McLarty  
Director

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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")

December 2007

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from customers	550	977
1.2 Payments for (a) staff costs	-632	-1,174
(b) advertising and marketing	-5	-9
(c) research and development	0	-6
(d) leased assets	-16	-16
(e) other working capital	-709	-1,065
1.3 Dividends received	0	0
1.4 Interest and other items of a similar nature received	15	16
1.5 Interest and other costs of finance paid	-42	-76
1.6 Income taxes paid	0	0
1.7 Other (provide details if material)	0	0
<b>Net operating cash flows</b>	<b>-840</b>	<b>-1,352</b>

+ 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 (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	-840	-1,352
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(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	-51	-51
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
	-	-
<b>Net investing cash flows</b>		
<b>1.14 Total operating and investing cash flows</b>	<b>-891</b>	<b>-1,403</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	3,250	3,250
1.16 Proceeds from sale of forfeited shares	0	0
1.17 Proceeds from borrowings	0	300
1.18 Repayment of borrowings	-300	1,076
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
<b>Net financing cash flows</b>	<b>2,950</b>	<b>4,626</b>
<b>Net increase (decrease) in cash held</b>	<b>1,767</b>	<b>2,930</b>
1.21 Cash at beginning of quarter/year to date	138	-887
1.22 Exchange rate adjustments to item 1.20	-	-
<b>1.23 Cash at end of quarter</b>	<b>1,905</b>	<b>2,043</b>

+ 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	91
1.25	Aggregate amount of loans to the parties included in item 1.11	

1.26 Explanation necessary for an understanding of the transactions

Directors Wages & Salaries

**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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+ 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	1,905	138
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.23)</b>	<b>1,905</b>	<b>138</b>

**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: 31 January 2008  
 (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.

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+ See chapter 19 for defined terms.