



**PHARMAXIS LTD  
2007 Annual General Meeting  
Chairman's Address**

2007 and the last few months since June 30 have been wonderful for Pharmaxis.

Drug development is a long and expensive process with many hurdles but for those who succeed it can be a very profitable exercise.

In the year just passed, we completed a Phase III clinical trial with Bronchitol and had Aridol approved throughout the European Union. This is a good demonstration that the people at Pharmaxis have the experience and capability of executing complex multi-jurisdiction clinical trials and can navigate their way through the complex regulatory process. The Aridol clinical and regulatory program will continue to obtain marketing approvals in the other important world markets and I am confident that Bronchitol too will begin its approval for marketing cycle in the not too distant future.

Concomitant with our success in clinical work our operations staff has been planning carefully for the capacity requirements that successful registration of Bronchitol will bring. We have now committed to a major manufacturing capacity expansion that will allow us to manufacture Bronchitol at volumes sufficient to launch a serious marketing push for the product. This effort will be substantial for your company this coming 12 months.

It is very appropriate that I thank Alan Robertson for his tireless leadership at Pharmaxis and his patient communication of the Pharmaxis story to the world financial markets.

On behalf of myself and the management and staff I want also to signify appreciation of you our shareholders. It was particularly gratifying that you supported our recent capital raising as you did. Your company is much stronger for the inflow of these funds which provide great flexibility and security as we continue the journey outlined above.

Your board of directors has continued the process of transformation initiated in 2006. You will recall that Ms Brigitte Smith, our founding VC director retired at last year's annual meeting and was subsequently replaced by Dr John Villiger. Consequently all non-executive directors of the company are now independent and more importantly the Board's capabilities and experience include industry, technology, international, scientific, business and financial expertise appropriate for a larger international corporation.

In this context of transformation and in the spirit of transparency I am advising today that I will not seek reappointment when my position on your Board is due for re-election at the 2008 AGM. I have been Chairman for some time now and see my skills, such as they are, best focussed on the early stages of Australian technology

commercialisation. There are a number of brilliantly qualified candidates well suited to the work ahead at Pharmaxis of building a very significant world business.

The transition will be orderly and I will serve until all is ready for hand over.

The needs of your company in the next stage of its growth will be well served by all these changes.

It is a great honour to work with the Management and team at Pharmaxis. They are demonstrated to be world class technically and wonderful people to work with on top of that.

I remain a great believer in the future of Pharmaxis and the company's ability to achieve the milestones before it. We, the Management, staff and shareholders of Pharmaxis will transform the lives of many patients whose quality of life is not what it might be and in so doing we will deliver appreciating value to all of us and Pharmaxis can in the process become a truly significant pharmaceutical business.

Your wonderful Chief Executive Officer and Managing Director, Dr Alan Robertson in his presentation will be providing a brief review of the year behind us and what we are looking forward to in the year ahead of us.

Your outstanding CFO, Mr. David McGarvey will give an overview of the company's financial position.

On your behalf, I want to thank your Board for their oversight and strategic direction of our company. Also on your behalf, I would also like to thank your management and staff for again delivering the success we are enjoying.

Denis M Hanley  
Chairman  
5 November 2007