

pharmaxis

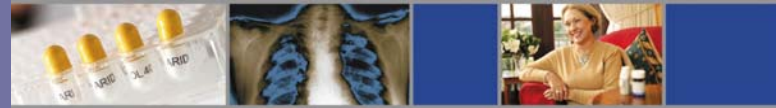


**Annual General Meeting**

**4 November 2004**

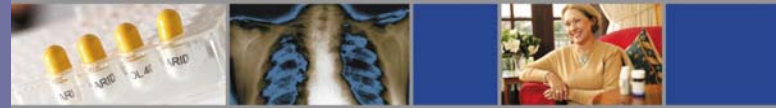
Pharmaxis Ltd

ACN 082 811630



# AGENDA

- Welcome & Introduction of Directors
- Formal Business:
  - Procedures for the Passing of Each Resolution
  - Item 1: Financial Report 30 June 2004
  - Item 2: Re-elect Mr Denis Hanley
  - Item 3: Re-elect Ms Brigitte Smith
  - Item 4: Re-elect Dr Brett Charlton
  - Item 5: Re-appoint PricewaterhouseCoopers as auditors
- Chairman's Address
- Report by Chief Executive Officer
- Report by Chief Financial Officer
- Close

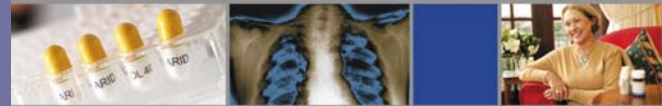


# Item 1

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**“To receive and consider the financial report of the Company for the year ended 30 June 2004 and the related Directors’ Report, Directors’ Declaration and Auditors’ Reports”**

**No shareholder vote is required in respect of this item**



## Item 2

**“To re-elect a Director. Mr Denis Hanley retires in accordance with the Company’s Constitution and, being eligible, offers himself for re-election”**

32,426,045 proxy votes in favour

No proxy votes against

No proxy votes abstaining

892,133 proxy votes to be voted by the chair in favour

14,728,734 proxy votes able to be voted by other persons



## Item 3

**“To re-elect a Director. Ms Brigitte Smith retires in accordance with the Company’s Constitution and, being eligible, offers herself for re-election”**

32,443,278 proxy votes in favour

14,267 proxy votes against

No proxy votes abstaining

892,133 proxy votes to be voted by the chair in favour

14,697,234 proxy votes able to be voted by other persons



# Item 4

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**“To re-elect a Director. Dr Brett Charlton retires in accordance with the Company’s Constitution and, being eligible, offers himself for re-election”**

|  |
|--|
| 32,436,045 proxy votes in favour                         |
| No proxy votes against                                   |
| No proxy votes abstaining                                |
| 892,133 proxy votes to be voted by the chair in favour   |
| 14,718,734 proxy votes able to be voted by other persons |



# Item 5

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**“To re-appoint the auditor, PricewaterhouseCoopers in accordance with section 327 of the Corporations Act 2001.”**

|  |
|--|
| 32,253,836 proxy votes in favour                         |
| 12,209 proxy votes against                               |
| No proxy votes abstaining                                |
| 892,133 proxy votes to be voted by the chair in favour   |
| 14,883,734 proxy votes able to be voted by other persons |

pharmaxis

A close-up photograph of a hand holding a small, blue and white pill between the thumb and index finger. The pill has some text on it, which is partially obscured but appears to be 'PRUC'. The background is a plain, light-colored wall.

**Chairman's Address**

**Denis Hanley**

**4 November 2004**



**Pharmaxis Ltd**  
**2004 Annual General Meeting**  
**Chairman's Address**

My fellow Shareholders, 2004 has been a year of great achievement.

The shareholders, management and staff of Pharmaxis are on an important mission to commercialise Australian Scientific expertise in medicine. For a long time, Australia has performed well on the global stage from a scientific standpoint with a number of Nobel Prize winners - but has not always derived sufficient financial reward for this fine work.

The risk reward equation is directly proportional to the reduction of the technical risk associated with an invention. Pharmaxis is researching and identifying an invention. Then we take the invention, develop a clinical compound from it and then develop a manufacturing process for it. We then progress the clinical compound through Phase 1 clinical trials to understand the performance of the compound in healthy volunteers, then conduct Phase 2 trials in patients with the target disease to understand the utility and effectiveness of the compound and then move forward to do the pivotal work of a Phase 3 clinical trial to get registration of the product and approvals to market.

At each stage, as we are successful, we increase the value of our company by reducing the technical risk for the compound and increasing our chances of success in the marketplace.

After developing and acquiring some promising compounds as a research company financed by Australian private equity for a number of years, this time last year, Pharmaxis had achieved sufficient technical progress with its lead compound, Aridol to move into its Phase 3 clinical trial. The outcome of this study was designed to support the registration of Aridol for clinical use as a test for asthma. To fund that clinical work Pharmaxis listed successfully on the ASX.

It is now on the record that the Phase 3 Aridol clinical trial was successful and so your company is now preparing to file for the approval to market Aridol in Australia, Europe and a little later in the USA.

Your Company also funded, or supported in other ways, a number of other trials around the world and in particular a Phase 2 clinical trial in patients for our second product, Bronchitol.

The Bronchitol trial was successful also. This trial prepared the way for Bronchitol's first patient Phase 3 clinical trial, which will be designed to lead to registration of this compound for clinical use in the treatment of bronchiectasis.

To fund this new clinical work, your company has just completed successfully the placement of shares with Australian institutional shareholders to replace the money we have spent over the last 12 months on our successful trials and so not interfere with the development of the Aridol marketing plan.

We intend to follow up this placement with a Share Purchase Plan for all shareholders at the same price as the institutional placement so that all have the opportunity to expand their participation in your company's success.

Your Managing Director, Dr Alan Robertson in his presentation will be providing a more expansive presentation on Pharmaxis operations over the last 12 months and some insight into the scope of the opportunity in front of us.

Your 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 delivering the success we are enjoying.

Denis M Hanley

4 November, 2004

The logo for Pharmaxis, featuring the word "pharmaxis" in a lowercase, sans-serif font. The "pharm" part is in blue and the "axis" part is in green. The background of the slide is a photograph of a hand holding a small blue and white inhaler device, with a blue vertical bar on the left and a purple vertical bar on the right.

pharmaxis

*Therapeutic products  
for  
chronic respiratory and autoimmune diseases*

CEO Presentation

Alan Robertson

# The Business.....



**Frenchs Forest**



**Aridol**



**Bronchitol**

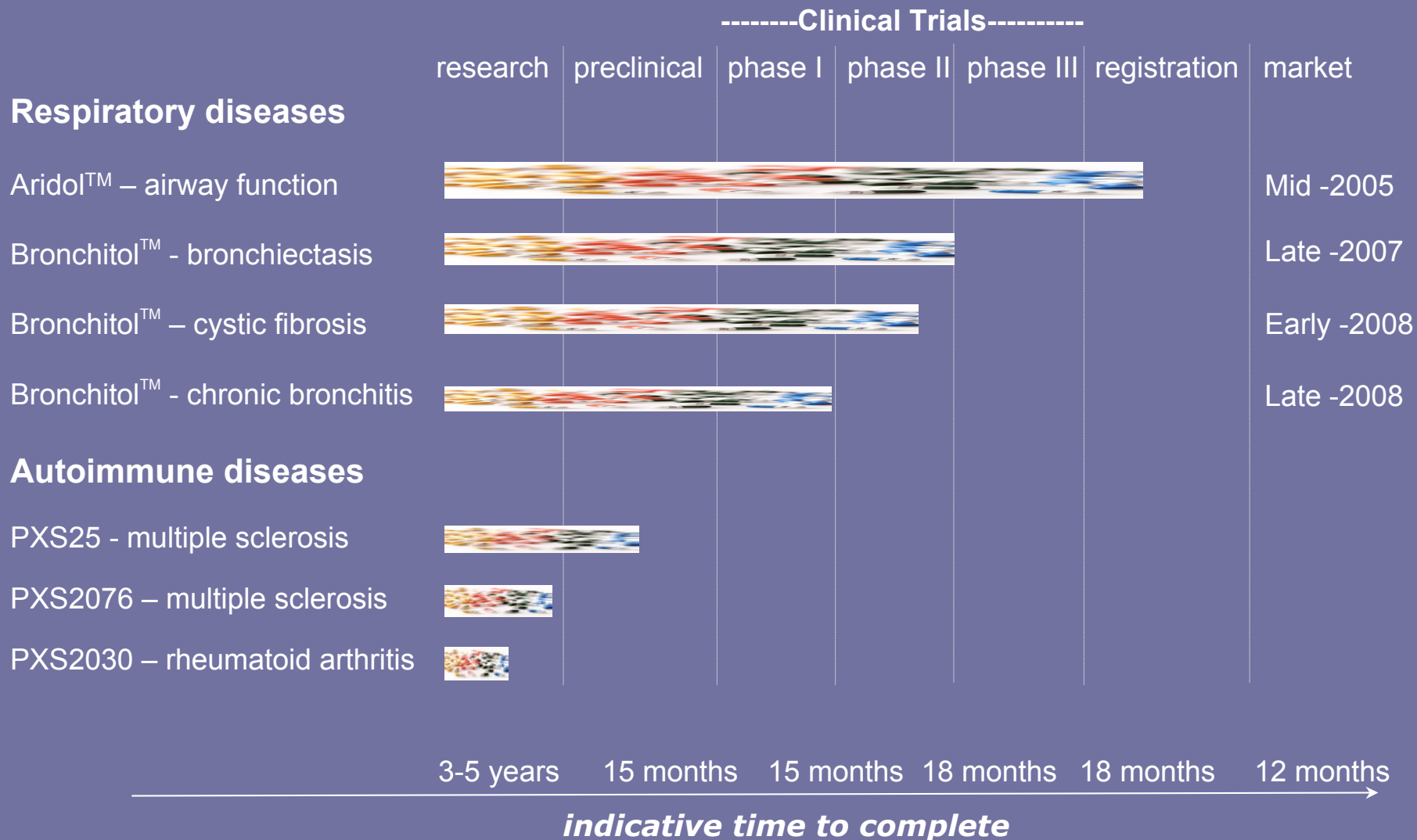


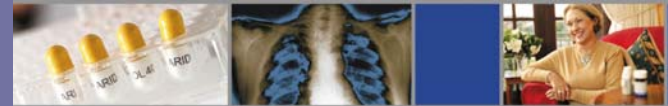
**Autoimmune disease**

- Maximise value by funding product development through to registration
- Launch products in accessible markets
- Diagnosis and management of asthma and chronic obstructive pulmonary disease
- Treatment of cystic fibrosis and chronic obstructive pulmonary disease
- Research into new treatments for multiple sclerosis and rheumatoid arthritis



# The Pipeline....





# The Revenue Opportunity.....

| Product    | Target Application   | Patient Population<br>(million) | Market Size<br>(A\$ million) | Revenue Opportunity<br>(A\$ million) | First Revenue |
|------------|----------------------|---------------------------------|------------------------------|--------------------------------------|---------------|
| Aridol     | Management of asthma | 52                              | \$1,600                      | \$200                                | H2 05         |
| Aridol     | Management of COPD   | 30                              | \$300                        | \$50                                 | H1 06         |
| Bronchitol | Bronchiectasis       | 0.6                             | \$1,500                      | \$400                                | H2 07         |
| Bronchitol | Chronic Bronchitis   | 30                              | \$40                         | \$900                                | 2008          |
| Bronchitol | Cystic Fibrosis      | 0.1                             | \$1,000                      | \$350                                | 2008          |
| PXS25/64   | Multiple sclerosis   | 1                               | \$3,500                      | n.a.                                 | n.a.          |
| PXS2076    | Rheumatoid arthritis | 6                               | \$3,600                      | n.a.                                 | n.a.          |



# The progress.....

## Second half - 2003

- Commenced P II bronchiectasis trial with Bronchitol
- Commenced P III asthma trial with Aridol

## First half - 2004

- PII cystic fibrosis trial commenced
- Role for Aridol in COPD management discovered
- Recipient of \$6 million government grant
- PXS2076 discovered for rheumatoid arthritis

## Second half - 2004

- Asthma *AND* bronchiectasis trial completed
- Bronchitol (bronchiectasis) trial results positive
- Aridol trial results positive
- Share placement raises >\$16.5 million for Bronchitol development



# The people.....



● Alan Robertson PhD      CEO      Inventor/developer of Zomig



● David McGarvey CA      CFO/Secretary      CFO at Memtec



● Brett Charlton PhD      CMO      Clinical research at Stanford



● Gary Phillips MBA      Commercial      CEO at Novartis Australia

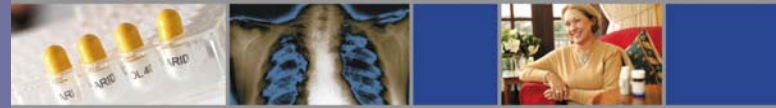


● John Crapper MBA      COO      Managing Director of Memcor



● William Cowden PhD      CSO      Co-inventor of TNF antibodies





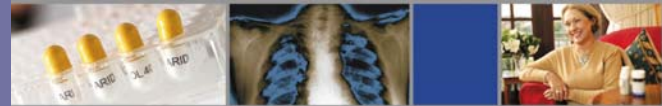
# Aridol

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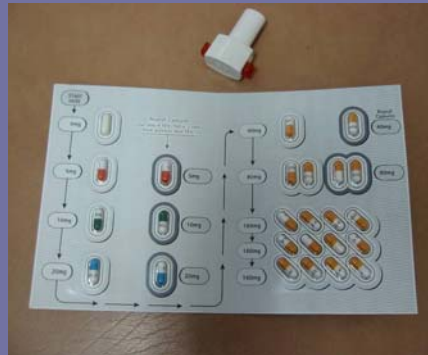
asthma

asthma management

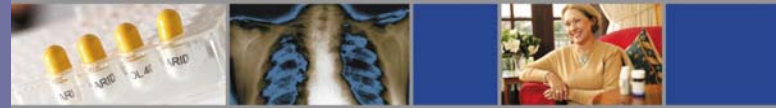
chronic obstructive pulmonary disease



# Aridol™



- New product for the diagnosis and management of Asthma and COPD
- Phase III completed
- Preparing for market launch
- Accurately measures level of ongoing inflammation
- Quick and easy to use – ideal for general practice
- Supported by international opinion leaders in respiratory medicine



# Positive Phase III trial results...

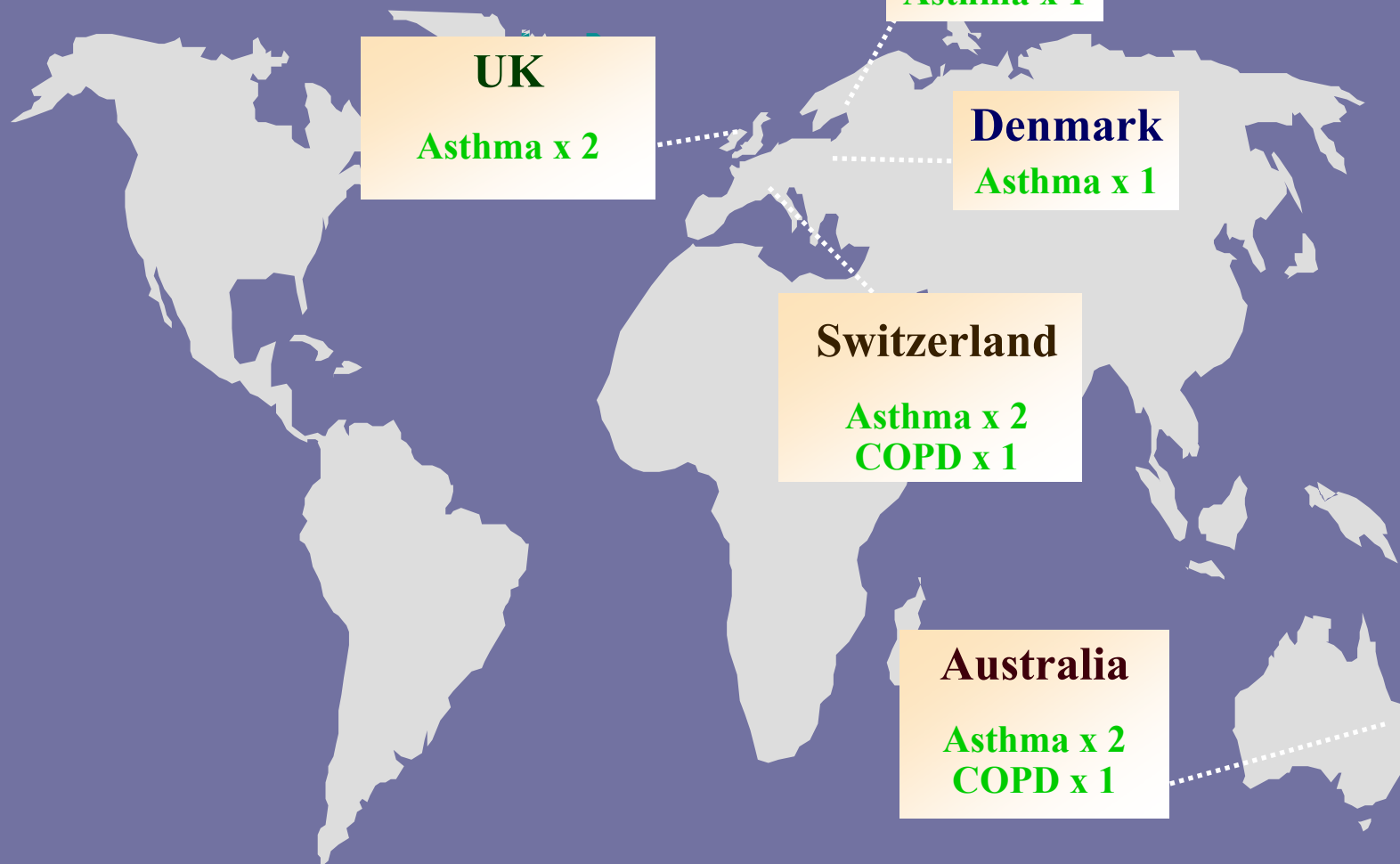
- Accurately identifies asthma
- Effective at identifying clinical mis-diagnosis (7%)
  - ⇒ 140,000 Australians
- 20% of subjects over treated and over diagnosed
  - ⇒ 400,000 people in Australia
- 25% of subjects not well controlled
  - ⇒ 500,000 Australian asthmatics
- Outcome - marketing approval submission



# Worldwide development of Aridol

In Progress

Total ~ 9 studies  
1,000 patients

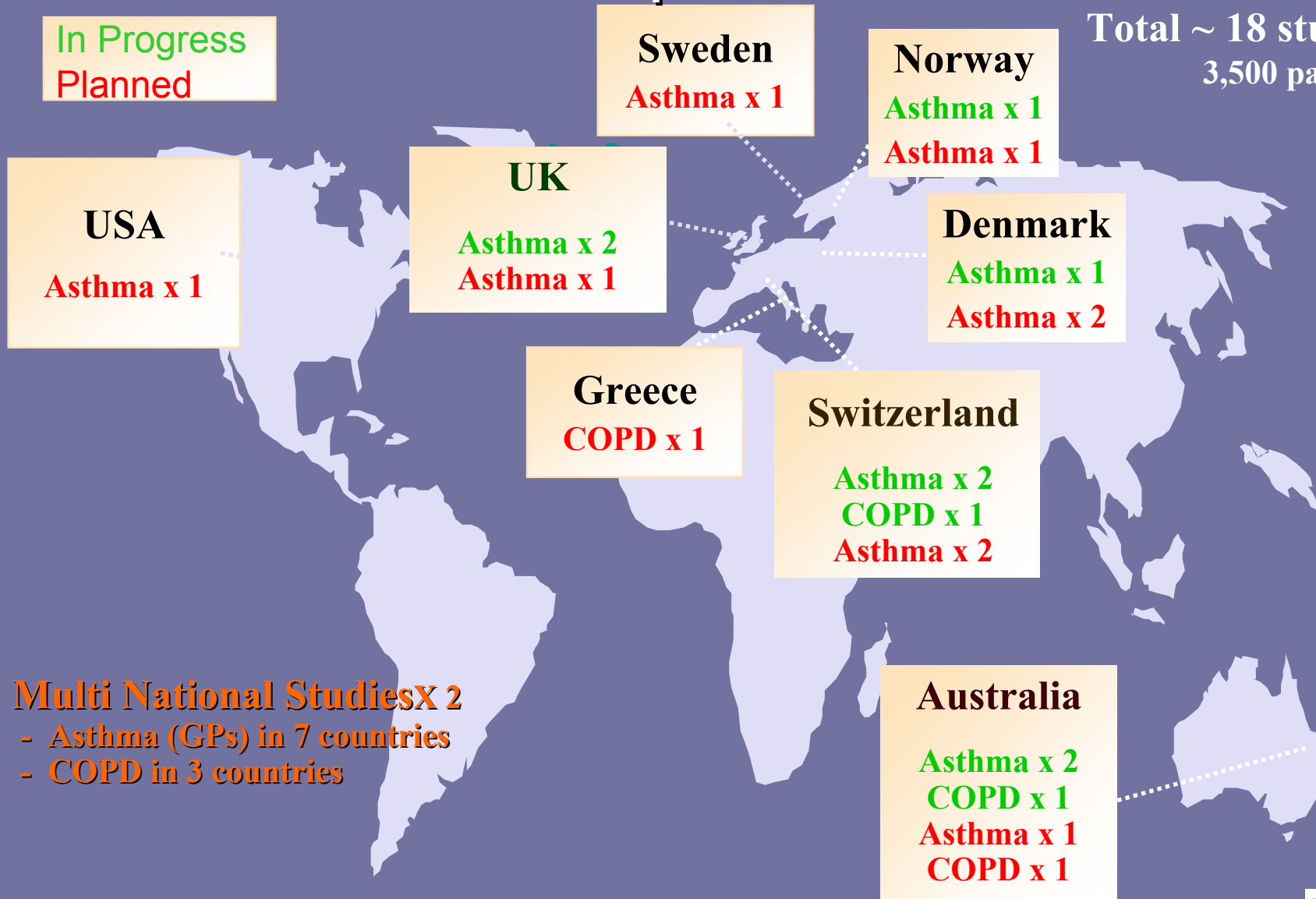




# Worldwide development of Aridol

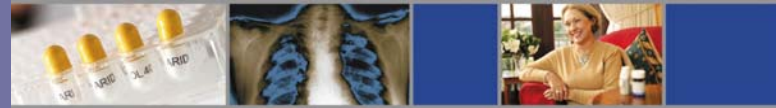
**In Progress**  
**Planned**

Total ~ 18 studies  
3,500 patients



## Multi National Studies X 2

- Asthma (GPs) in 7 countries
- COPD in 3 countries



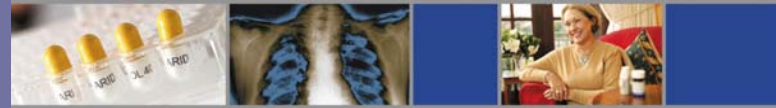
# Bronchitol

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cystic fibrosis

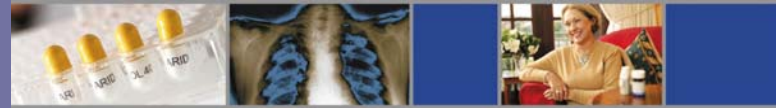
bronchiectasis

chronic obstructive pulmonary disease



# Bronchitol™

- Treatment for cystic fibrosis and chronic obstructive pulmonary disease
- Completed Phase II - bronchiectasis
- Commenced Phase II – cystic fibrosis
- Commence Phase III
  - Bronchiectasis - H1 2005
  - Cystic fibrosis - H2 2005
- Product Launch 2007



# Phase II trial results

## Objective

Quality of life

✓✓✓

Symptoms

✓✓✓✓

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Clinical improvement target

>4.0

All patients

4.8

Severe patients (43/60)

6.8

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Side effects

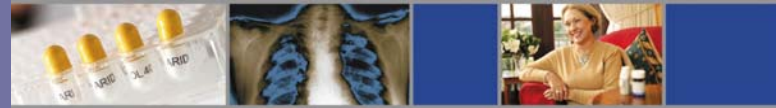
None serious





# Trial Participants

- “It has been some weeks since my part of the trial finished and to be honest I have not felt as well as when I was on the Bronchitol.”  
*Trial participant 1*
- “Thank you for any help that you can give and I wish you well with the Bronchitol project as it has made such a difference to my health.”  
*Trial participant 2*
- “This patient has been on the Phase II clinical trial of Bronchitol for bronchiectasis. This has revolutionised her life, she would benefit and would be greatly relieved of her daily symptoms if she could continue this treatment.”  
*Physician*
- “Healthy people take the ability to breathe very much for granted..... To have something to make our declining years a lot more comfortable is something we could only dream about previously.”  
*Trial participant 3*



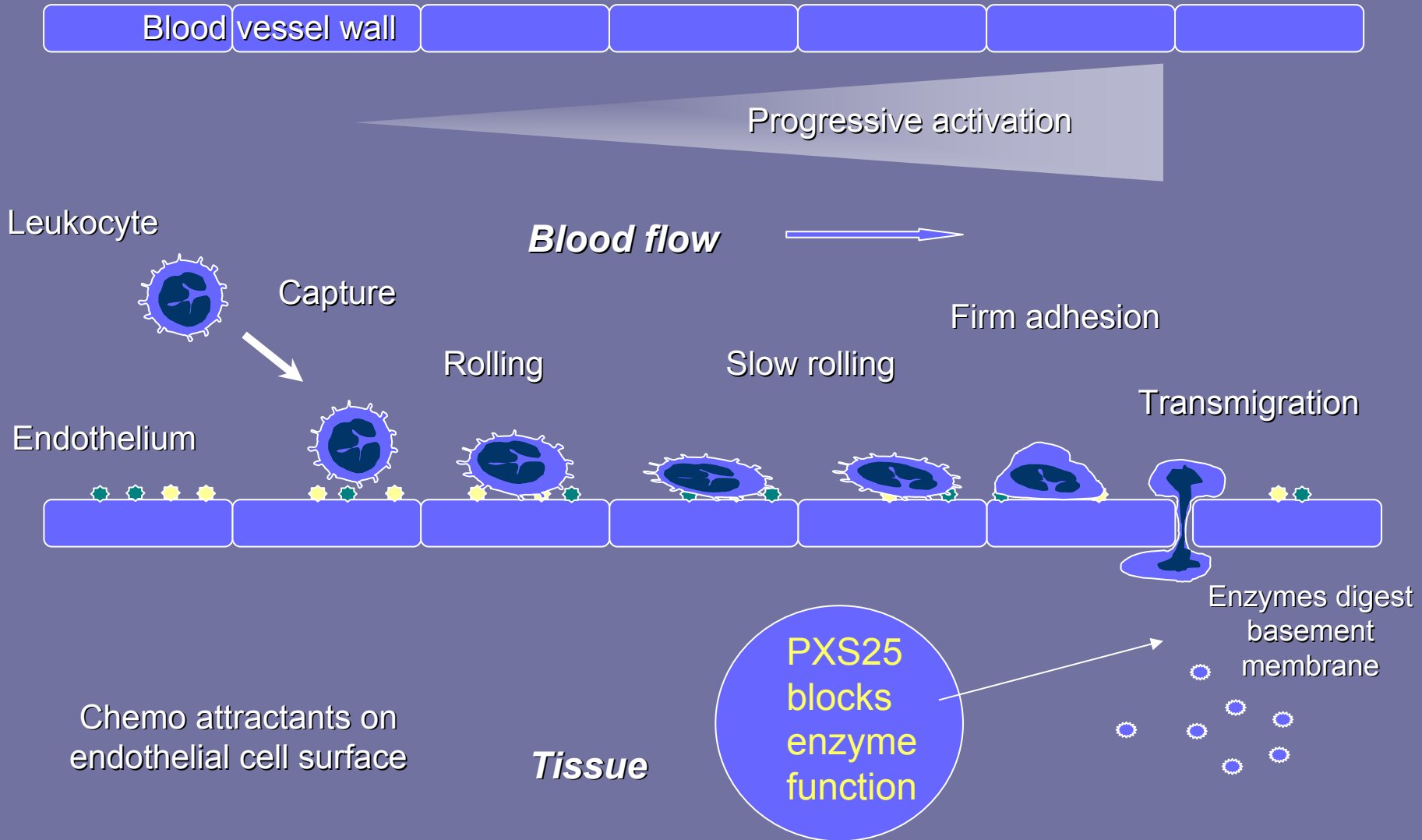
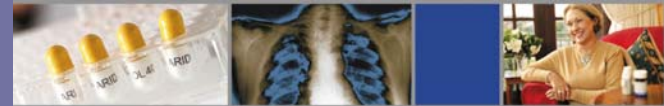
# Autoimmune diseases

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multiple sclerosis  
rheumatoid arthritis

# Autoimmune Disease

## Inflammation: the leukocyte activation cascade





# Autoimmune Disease

## ● PXS25

- Selective inhibitor of T cell migration
- Novel mechanism of action
- Effective in MS and RA models
- Complementary with existing treatments

## ● Competitive Edge

- Delivery by oral route
- Approach clinically validated

## ● Status

- Preclinical
- Human studies 2005

## ● PXS2076

- Inhibitor of TNF
- Novel mechanism of action
- Effective in RA models

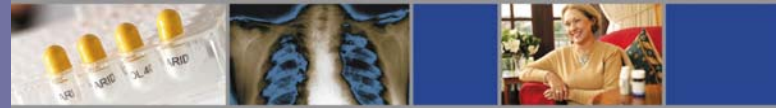
## ● Competitive Edge

- Delivery by the oral route

## ● Status

- Research

*Very large market opportunities*



# The year ahead.....

1. International launch of Aridol
2. Expansion of manufacturing capacity
3. Commence final Bronchitol trials for bronchiectasis
4. International opinion leading trials with Aridol
5. First human clinical study with PXS25

A close-up photograph of a hand holding a blue and white marker, positioned as if about to write. The hand is the central focus of the slide, with the marker held between the thumb and index finger. The background is a plain, light-colored wall.

*Financial Report*

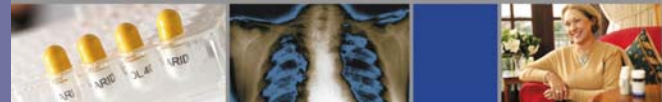
David McGarvey

Chief Financial Officer



# Financials

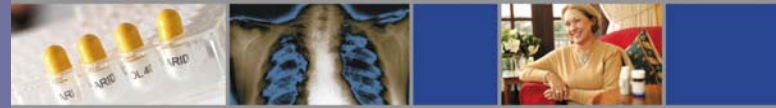
|                                   | <u>Year ended</u><br><u>30 June 2004</u><br><u>A\$'000</u> | <u>Year ended</u><br><u>30 June 2003</u><br><u>A\$'000</u> | <u>Quarter</u><br><u>ended 30</u><br><u>Sept 2004</u><br><u>A\$'000</u> | <u>Quarter</u><br><u>ended 30</u><br><u>Sept 2003</u><br><u>A\$'000</u> |
|-----------------------------------|--|--|---|---|
| <b><u>Income Statement</u></b>    |  |  |   |   |
| <b>Revenues</b>                   |  |  |   |   |
| Grants                            | 1,105  | 976  | 323   | 434   |
| Interest                          | 1,075  | 284  | 321   | 80  |
| Other                             | 48   | 43   | -   | 17  |
|                                   | <hr/> 2,228  | <hr/> 1,303  | <hr/> 644   | <hr/> 531   |
| <b>Expenditures</b>               |  |  |   |   |
| Research & development            | (6,047)  | (1,790)  | (2,377)   | (978)   |
| Commercial                        | -  | -  | (200)   | -   |
| Administration                    | (2,182)  | (981)  | (903)   | (427)   |
| Net loss before and after tax     | <hr/> (6,001)  | <hr/> (1,468)  | <hr/> (2,836)   | <hr/> (874)   |
| Depreciation & amortisation       | 490  | 256  | 137   | 117   |
| EBITDA                            | (6,586)  | (1,496)  | (3,020)   | (837)   |
| <b><u>Capital Expenditure</u></b> | (406)  | (1,652)  | (275)   | (50)  |



# Financials

|                             | <u>30-Jun-03</u> | <u>30-Sep-03</u> | <u>30-Jun-04</u> | <u>30-Sep-04</u> | <u>ProForma</u><br><u>after</u><br><u>Placement</u> |
|-----------------------------|------------------|------------------|------------------|------------------|---|
|                             | <u>A\$'000</u>   | <u>A\$'000</u>   | <u>A\$'000</u>   | <u>A\$'000</u>   | <u>A\$'000</u>                                      |
| <b><u>Balance Sheet</u></b> |                  |                  |                  |                  |   |
| Cash & bank accepted bills  | 7,384            | 6,246            | 25,217           | 22,932           | 38,632  |
| Total assets                | 10,495           | 9,651            | 28,261           | 26,555           | 42,255  |
| Long term debt              | -                | -                | -                | -                | -   |
| Shareholders' Equity        | 9,890            | 9,016            | 26,780           | 23,978           | 39,678  |





# Share Capital

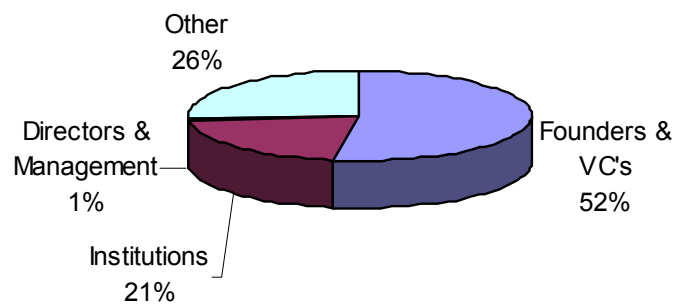
|                               | <u>31-Oct</u> |
|-------------------------------|---------------|
| <u>Shares</u>                 |               |
| Shares on Issue ('000)        | 108,304       |
| Escrowed to 10 November 2005  | 24,964        |
| <u>Options</u>                |               |
| Options on Issue              | 10,463        |
| Vested                        | 7,399         |
| Escrowed to 10 November 2005  | 6,720         |
| Options Currently Exercisable | 1,779         |

Level One ADR Program Effective November 2004

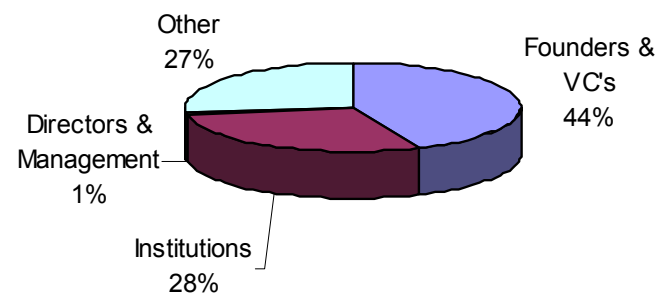


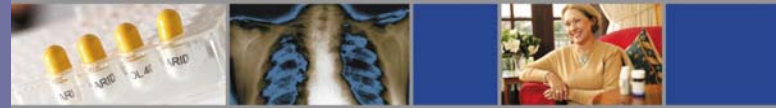
# Share Capital

31-Oct



Post Placement





# Summary

- Well resourced to execute Business Plan
- Aridol asthma launch 2005
  - ✓ Annual revenue potential - >\$250 million
- Integrated business
  - ✓ All marketing rights retained
- Bronchitol entering Phase III for bronchiectasis
  - ✓ Market launch expected 2007
  - ✓ Very large market potential
- Bronchitol in Phase II for cystic fibrosis
- Pipeline of earlier stage products
  - ✓ Targeting large market potential