pharmaxis

Therapeutic products for respiratory diseases

September 2008

Forward Looking Statements

This presentation may contain forward-looking statements that are based on management's current expectations and beliefs and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. The forward-looking statements contained in this presentation include statements about future financial and operating results, results of our clinical trials, status of our regulatory submissions, possible or assumed future growth opportunities and risks and uncertainties that could affect Pharmaxis' product and products under development. These statements are not guarantees of future performance, involve certain risks, uncertainties and assumptions that are difficult to predict, and are based upon assumptions as to future events that may not prove accurate. Therefore, actual outcomes and results may differ materially from what is expressed herein. In any forward-looking statement in which Pharmaxis expresses an expectation or belief as to future results, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the statement or expectation or belief will result or be achieved or accomplished.

Factors that could cause or contribute to such differences include, but are not limited to, factors discussed in the "Risk Factors and Other Uncertainties" section of our Form 20-F filed with the US Securities and Exchange Commission

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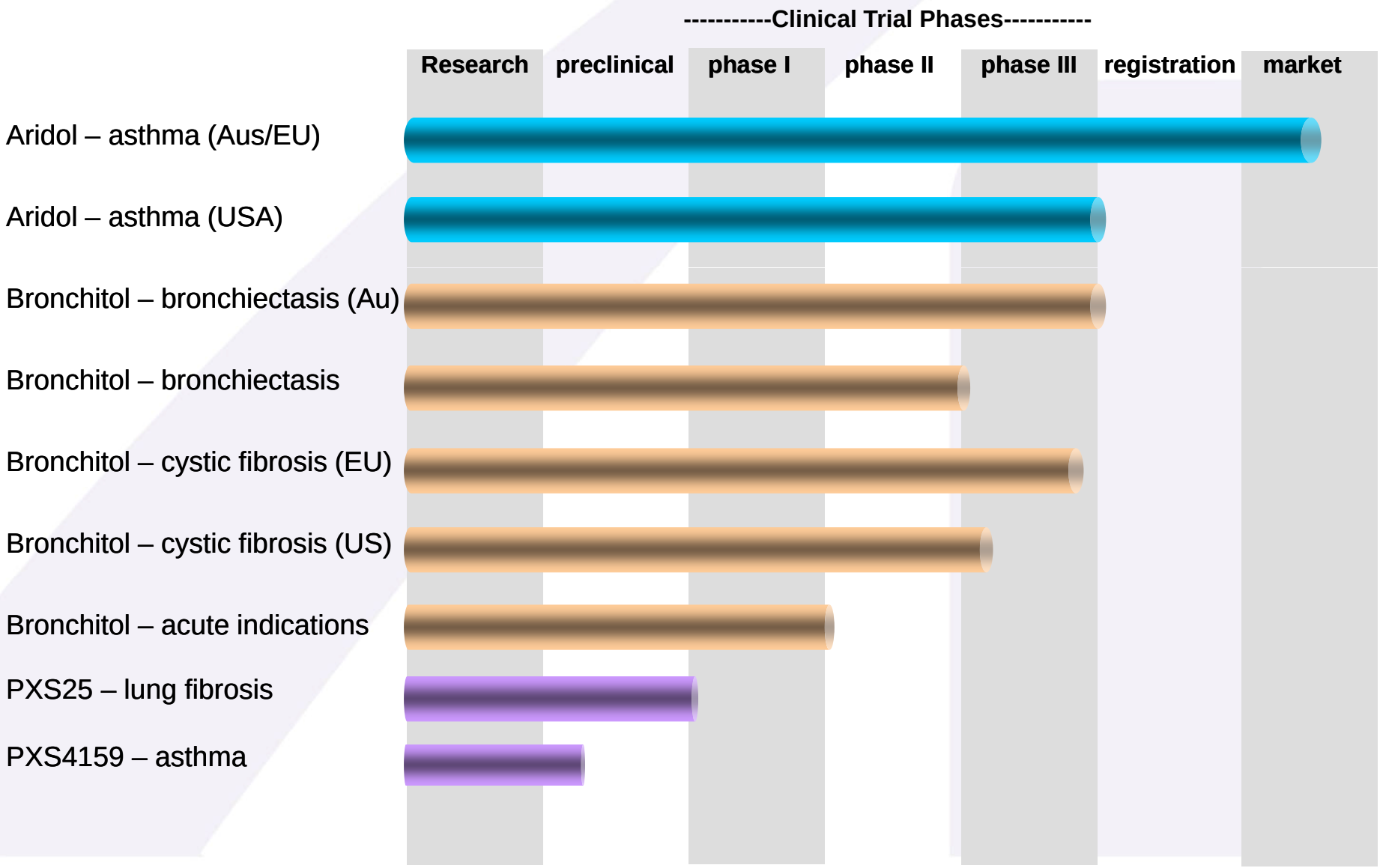
This investor presentation is not an offer of the sale of securities.

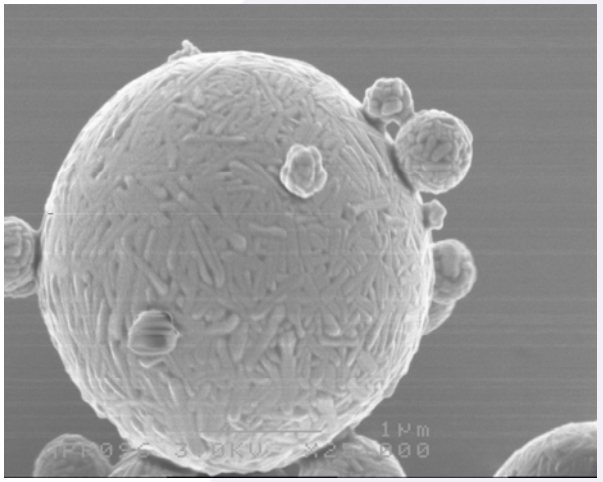
Summary……

Objective	The development of products for respiratory and inflammatory diseases
Lead products	Aridol: management of asthma and COPD Bronchitol: therapeutic for cystic fibrosis and COPD
Discovery	PXS25 (IGFII antagonist). PXS4159 (VAP1 inhibitor)
Listings	ASX (Nov 2003): PXS; NASDAQ (Aug 2005): PXSL
Location	Sydney, NSW, Australia
Facility	GMP Manufacture of lead products
Employees	86
Cash (30/06/08)	$112 million
Shares outstanding Options outstanding	195m (12.9m ADS) 13.0m
Key patents	Aridol & Bronchitol granted in USA, Australia, Asia, Canada, Japan; pending in EU, Japan.
Analyst coverage	JMP Securities, Wilson HTM, Credit Suisse, ABN·AMRO Morgans, BBY, Lodge

Development Pipeline



Bronchitol

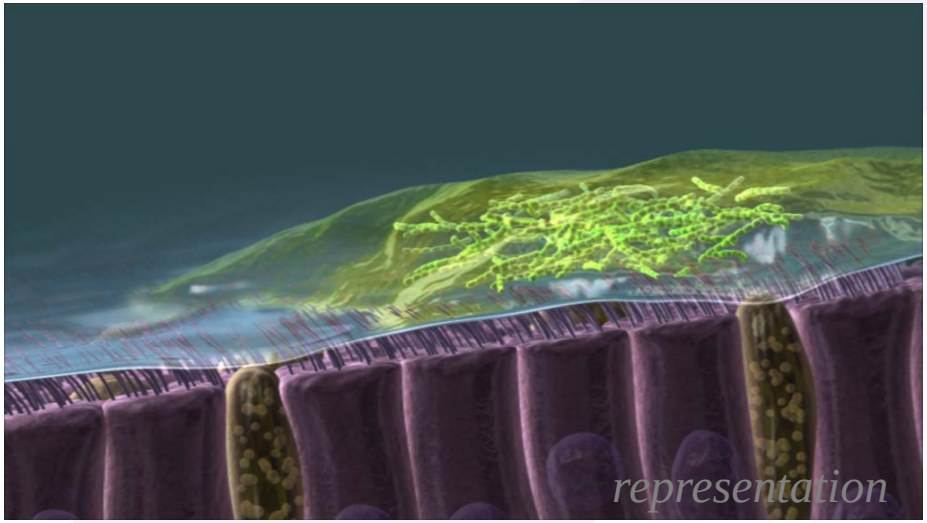


Mucus clearance:

Cystic fibrosis
Chronic Obstructive Pulmonary Disease
Bronchiectasis

Osmotic clearance of abnormal mucus……

Before treatment

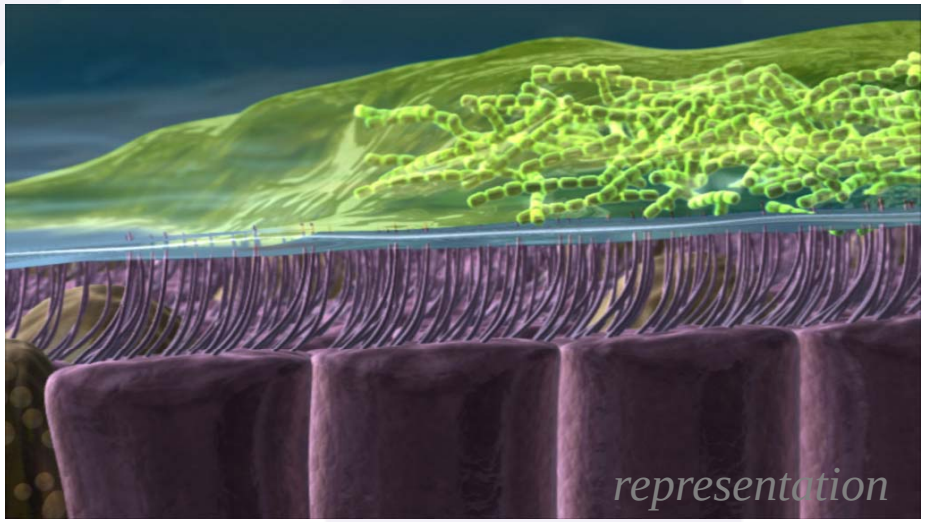


Lung surface dehydrated

Airway surface fluid layer impaired

Lung defense and hygiene compromised

After Bronchitol administration



Lung hydrated

Airway surface liquid restored

Normal lung clearance

Bronchitol – cystic fibrosis

- **Background**
  - Genetic disorder affecting 75,000 worldwide (30,000 in US)
  - Poorly hydrated, tenacious, thick mucus
  - Current life expectancy is 37 years (US)
- **Current treatments: rhDNase and tobramycin**
  - Delivered by nebulizer (preparation, sterilization)
  - rhDNase (pulmozyme): global sales US$440mm (2007)
  - Tobramycin: global sales US$233mm (2007)

Bronchitol Phase II cystic fibrosis programme…..

- Study 1
  - Crossover, multicentre study in 39 CF subjects
  - Randomised **2 week** treatment twice per day
  - Reported
    - FEV_1 improvement of 7% (p=0.008)
- Study 2
  - Crossover, 2 site study in 20 subjects
  - Randomised **3 month** treatment including comparison with pulmozyme
    - FEV_1 improvement of 7%
- Study 3
  - Randomised crossover **2 week** treatment including comparison of 4 doses of Bronchitol (38 subjects)
  - 400 mg: FEV1 increased 8.6% (p=0.0006 vs 40 mg)
  - 240 mg: FEV1 increased 4.6%
  - 120 mg: FEV1 increased by 3.7%
  - 40 mg: FEV1 decreased by -1.6%

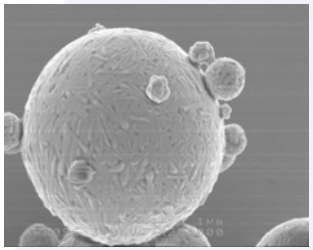
Bronchitol – cystic fibrosis registration (I).....

- **1st Pivotal Phase III trial**
  - Multicentre, double blind, comparator controlled
  - 325 subjects enrolled (aged 6 and over)
  - 6 month dosing, 400mg twice per day
  - Primary endpoint: lung function (FEV1)
  - Secondary endpoint: exacerbation frequency
  - Top line efficacy data expected 1H 09
- **Orphan Drug designation in the EU**
- **European marketing application via centralised procedure**
  - Earliest first approval expected: 2010

Bronchitol – cystic fibrosis registration (II).....

- **2nd Pivotal Phase III trial**
  - Protocol review through Special Protocol Assessment (FDA)
  - Double blind, comparator controlled
  - 250 subject 6 years and older
  - 400 mg, twice per day for 6 months
  - 1º endpoint - lung function by spirometry (FEV1)
  - 2 0 endpoints – antibiotic use, exacerbations, lung function
- To commence enrolment 2H 2008
- First data 2H 2009
- Orphan drug designation – U.S.
- Fast track designation – U.S.

Bronchitol - bronchiectasis



- Abnormal, irreversible dilation of the lower airways
- Daily mucus production, constant coughing, breathlessness, recurrent acute bronchitis with infective exacerbations : low quality of life
- In 30-50% of cases, the cause is unknown
- Normal lung clearance impaired
- Current treatments: bronchodilators, antibiotics
- *No* drugs proven effective to clear mucus

1: Clin Pulm Med 2005;12:205

Number of bronchiectasis patients seeking treatment

	EU	Australia	USA	Asia	Total
% of pt pool seen by respiratory specialists	Average 14%	9%	N/A	Average 5%	
Trend	Stable or increasing	Stable	Increasing	Stable or decreasing	
Mod/Severe	55%	70%	55%	75%	
Patients seeking treatment	210,000	18,000	110,000	250,000 ++	600,000+

Prevalence: Much higher. Bronchiectasis is often missed but has been measured as >10% of COPD patients in a US patient cohort ~ 800k

Note: US Data comes from Datamonitor research, other data from Frost & Sullivan research

Bronchitol – bronchiectasis registration (I)…

- 1st Pivotal Phase III trial
  - 363 patient, placebo controlled, double blind, randomised 12 week treatment (twice per day) + 12 month open label extension
  - Primary endpoints
    - quality of life – validated Patient Reported Outcome
    - mucus clearance – 24hr sputum volume
  - Primary Analysis

• quality of Life	SGRQ, p<0.001 versus baseline
	SGRQ, p<0.05 versus placebo
• mucus clearance	↑30%, p<0.001 versus placebo
• antibiotic use reduction	p<0.05 versus placebo
• adverse events (52 wks)	cough 9%, sore throat 5%
	no SAE attributed to treatment

- First marketing application to be filed – Q3 08

Bronchitol – bronchiectasis registration (II)….

- **2nd Pivotal Phase III trial**
  - 350 patient, placebo controlled, double blind, randomised, 52 week treatment
  - 400mg twice a day
- **Primary endpoint**

  - Reduction in number of exacerbations
  - Quality of life
- **Secondary endpoints**
  - Exercise, mucus clearance, antibiotic use
- **Status**

  - Special Protocol Assessment concluded with FDA
  - Orphan Drug designation — USA
  - Target commencement — Q4 2008
  - Data — 2010

Bronchitol – acute clearance of lung secretions

ICU, hospitalized patients and ventilated patients

- Currently supplied on request to patients with life threatening condition
- Feedback encouraging for proof of concept study
- Clinical conditions include: asthma, COPD, cystic fibrosis, secondary respiratory disease, neurogenic disorder

Objective

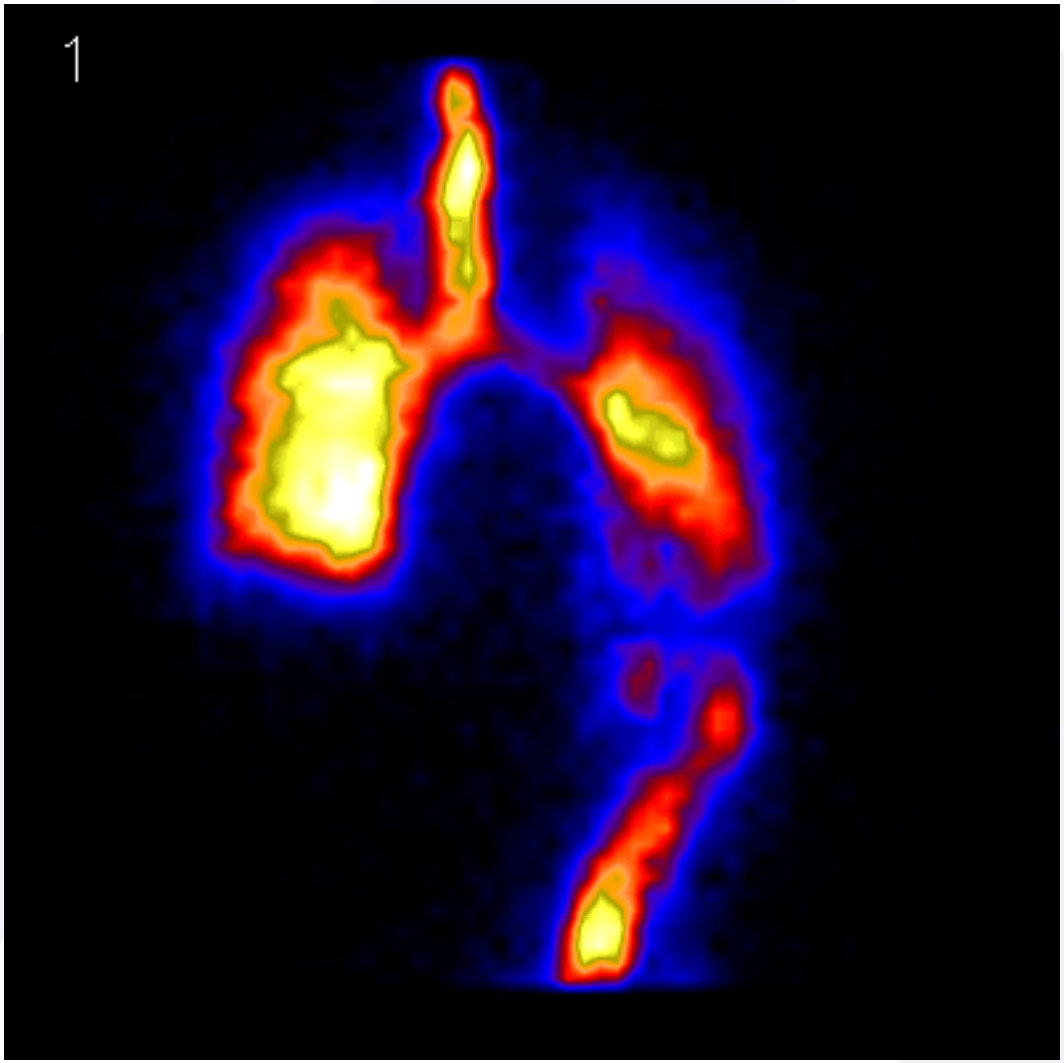
- acute care pilot study Q2 2009?
- study in ventilated patients Q2 2009?

Market opportunity

- 1 million U.S. emergency room visits every year (COPD alone)
- 60,000+ ICU beds worldwide 80 - 90% occupancy rates
- 75% patients ventilated / 75% have serious mucus problem

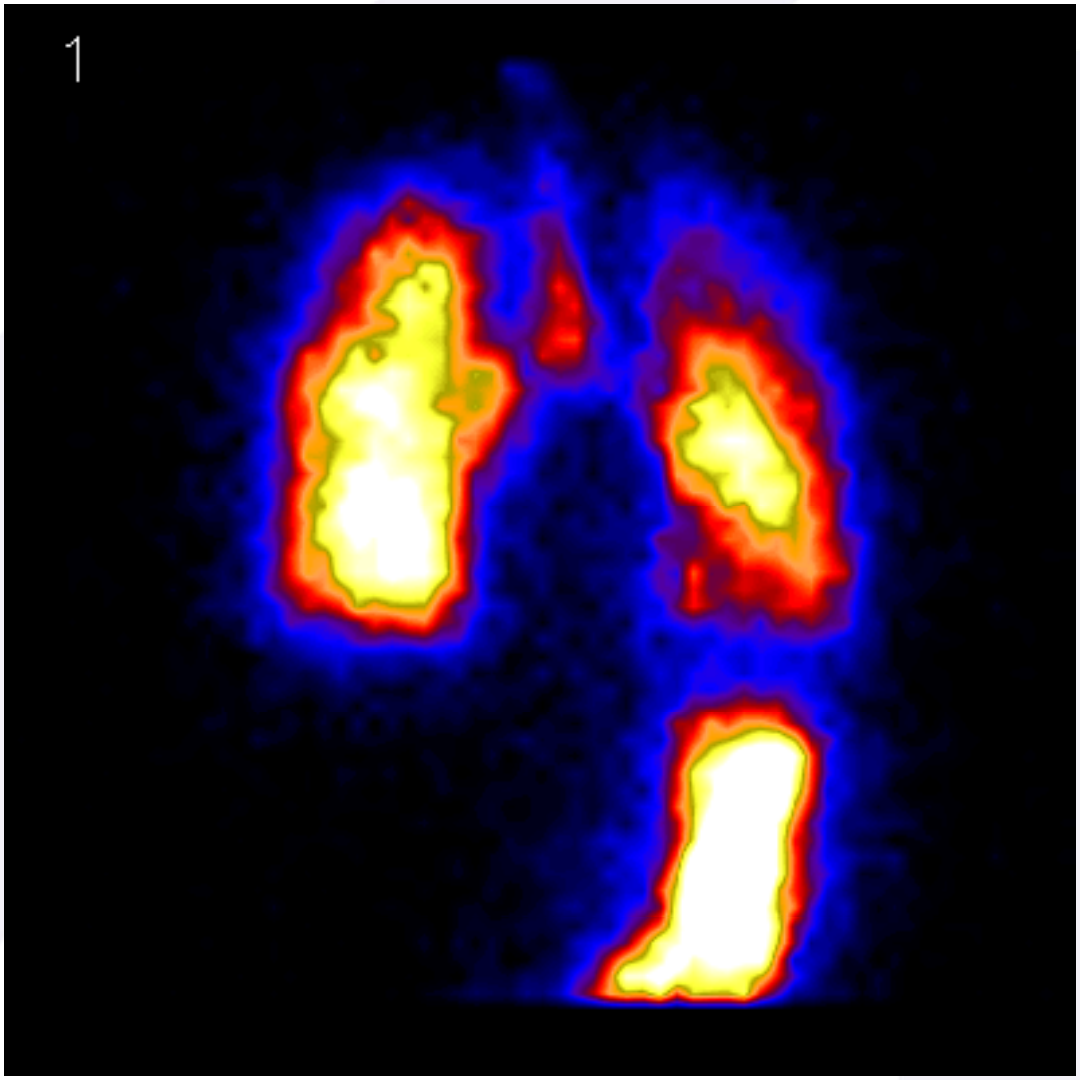
Bronchitol in the clinic……

Chronic bronchitis – without Bronchitol



Bronchitol in the clinic…….

Chronic bronchitis – with 400 mg Bronchitol



Aridol™

A rapid and simple test for airways inflammation that facilitates diagnosis and management of asthma.

aridol™

Clinical applications for Aridol

An easy to use, 'point of care' test with a high degree of sensitivity (85%) and specificity (95%) for airway inflammation

1. **Asthma diagnosis and assessment of disease severity[1]**

2. **Monitor patient's disease / managing effectiveness of treatment[2]**

3. **Identification of COPD patients who will respond to steroids[3]**

NOTES: *1 = Evidence available from phase III study*

2 = Proof of concept only; definitive studies ongoing

3 = Evidence available from phase II study

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International Regulatory Status - Aridol

- **Australia**
  - Launched — June 2006
- **Europe**
  - Approved European Union (MRP) — May 2007
    - Launch in 1st countries — September 2007
    - Regional authorizations almost complete
  - Regional marketing partners appointed

- **South East Asia**
  - Approved for marketing – Korea — January 2008
    - Pricing approval expected — early 2009

- **USA**
  - Phase III trials completed
  - New Drug Application being assembled

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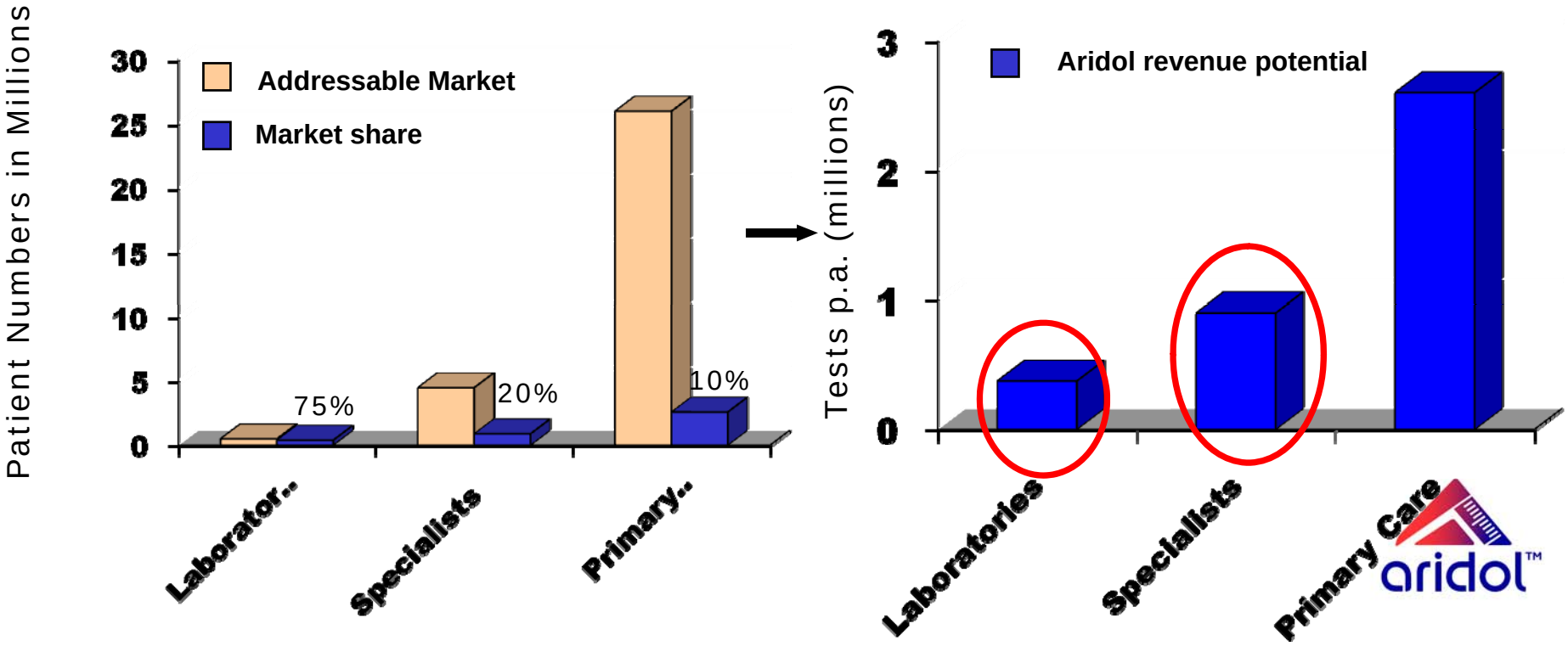
Aridol: current distribution agreements…

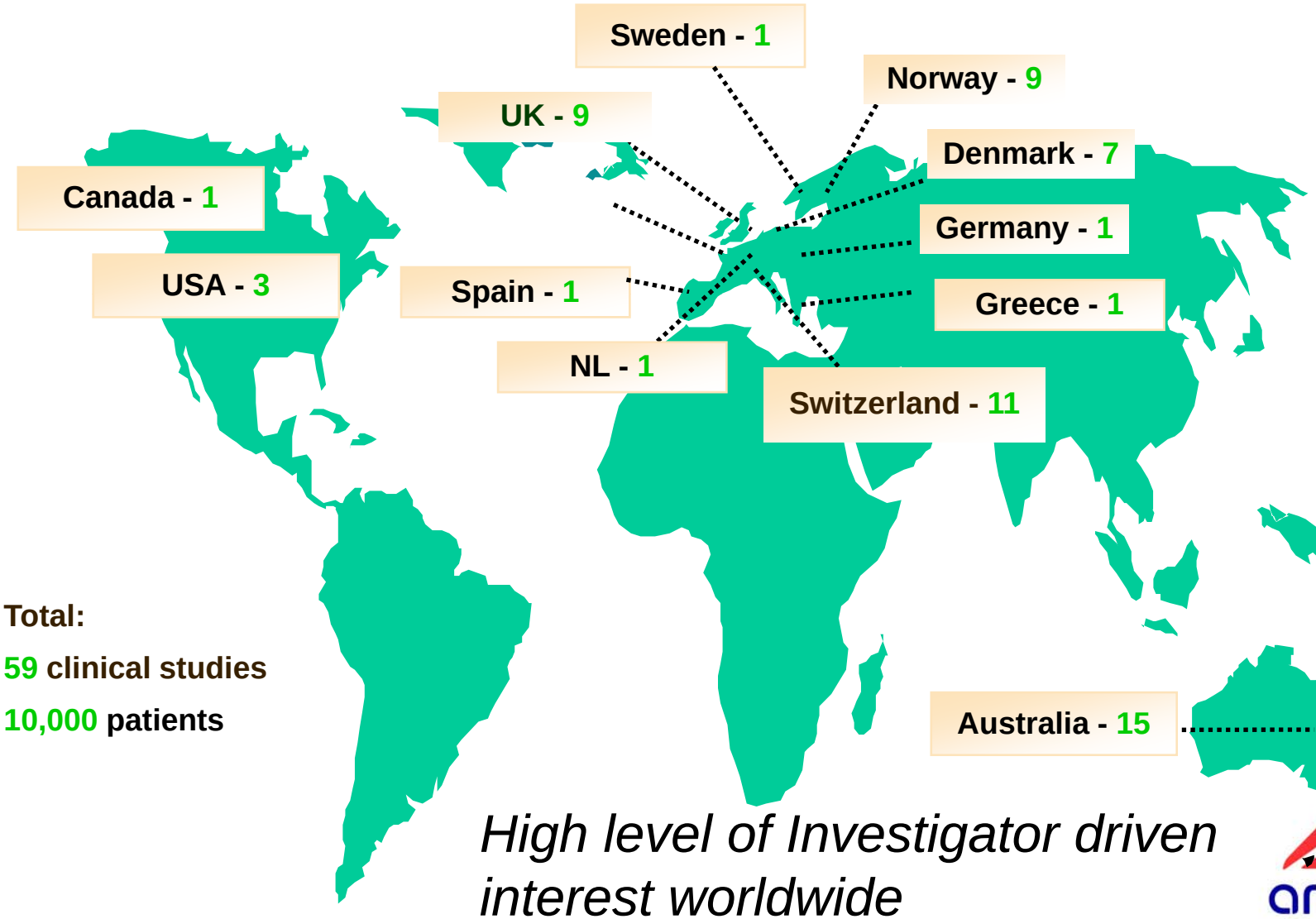
Country	Partner	Regulatory	Status
• Sweden	Nigaard	approved	launched
• Finland	Nigaard	approved	launched
• Germany	to be advised	approved	pricing
• Ireland	Pharmaxis	approved	launched
• Norway	Nigaard	approved	launched
• Portugal	Pulmocor	approved	launched
• UK	Pharmaxis	approved	launched
• France		approved	planning
• Greece	Allertec	approved	launched
• Italy	Italchimici	MRP	
• Holland	Romedic	approved	launched
• Spain	Aldo-Union	MRP	
• Denmark	Nigaard	approved	launched
• Belgium		MRP	
• Switzerland	Trimedal	approvable	
• Korea	BLH	approved	pricing

Growth Opportunities ahead: Aridol

	Timing
Portugal, Finland, Norway, Spain, Germany	Q3 2008
France, Italy, Korea	Q1 2009
USA	Q3 2009
New data – Asthma management	Q1 – Q4 2009



Worldwide development of Aridol……



Total:

59 clinical studies

10,000 patients

High level of Investigator driven interest worldwide

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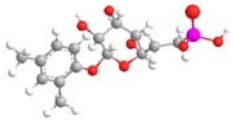
R&D - Status (PXS-25)



- M6P receptor antagonist inhibiting TGF and CTGF function
  - both implicated in fibrotic disorders
  - preclinical toxicology complete
  - Phase 1 trial to commence end 2008

- Development plan and partnering strategy
  - develop PXS-25 for pulmonary indication
  - out-license PXS-25 for non-core indications / territories

R&D - Status (PXS-4159A)

- Selective and potent inhibitor of SSAO/VAP-1
  - Protein implicated in inflammation
    - potential indications include, asthma, diabetes, ocular inflammation
- Highly orally bioavailable
- Preclinical development commenced
- Phase 1 trial expected mid-2009

- **Development plan and partnering strategy**
  - develop PXS-4159 for pulmonary indication
  - out-license PXS-4159 for non-core indications / territories

Near term catalysts ahead…..

Milestone	3Q-08	4Q-08	1Q-09	2Q-09
Bronchitol – cystic fibrosis				
Finish 1st P III trial enrollment	✓			
PIII trial first data				
Start 2nd P III trial enrollment				
PII trial data (dosing)	✓			
Bronchitol – bronchiectasis				
Safety data from 1st PIII (52w)	✓			
Start 2nd P III trial enrollment				
File marketing application (Aus)				
Aridol				
File NDA (US)				
Facilities				
New facility complete				
PXS25/64				
Commence Phase 1 program				

Financial Statements

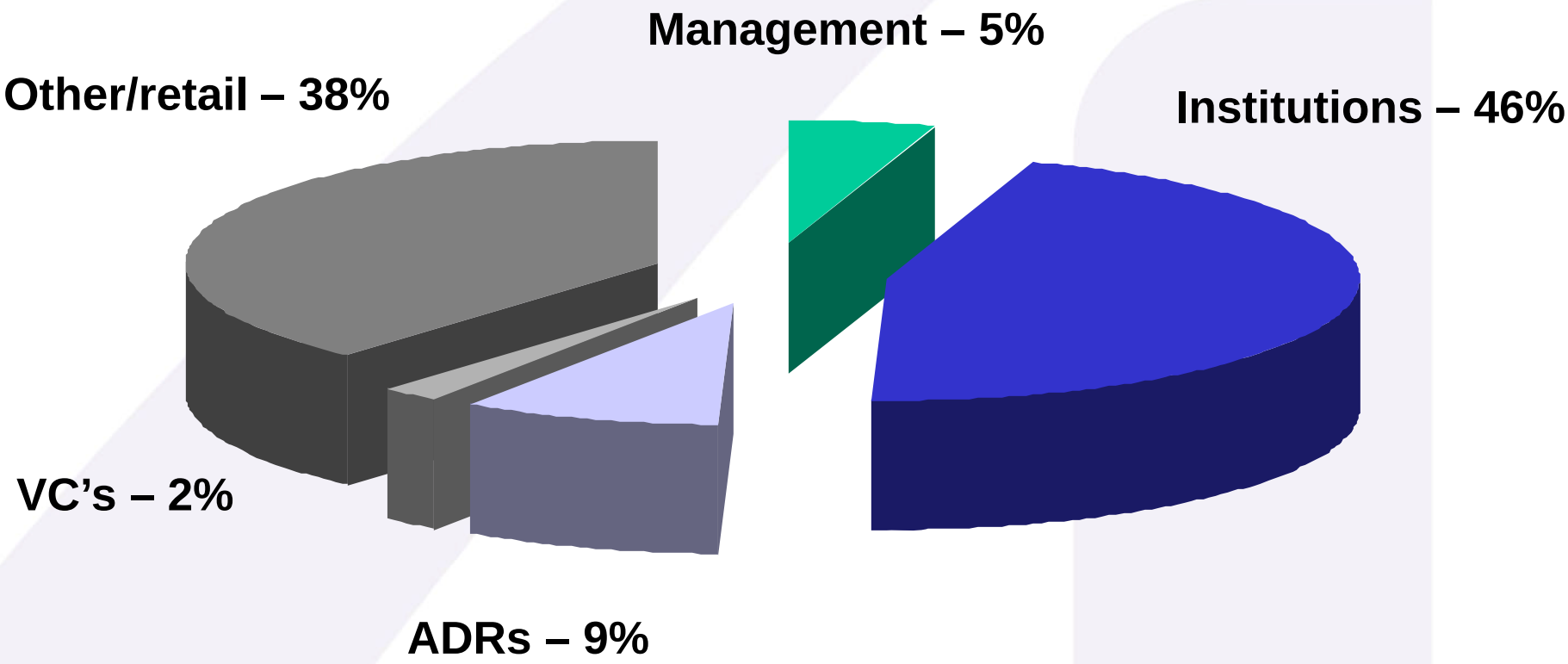
Income Statement	Three months ended		Year ended	
	30-Jun-08	30-Jun-07	30-Jun-08	30-Jun-07
	A$	A$	A$	A$
Revenue from sale of goods	197	46	527	205
Cost of sales	(47)	(10)	(129)	(49)
Gross profit	150	36	398	156
Other income				
Interest	2,233	1,219	7,402	5,278
Grant income	562	569	1,358	2,152
Other	91	-	218	-
Expenses				
Research & development	5,986	4,856	19,996	23,840
Commercial	1,452	778	4,557	3,240
Administration	1,446	1,409	5,231	4,666
Total expenses	8,884	7,043	29,784	31,746
Net loss before tax	(5,848)	(5,219)	(20,408)	(24,160)
Income tax expense	14	7	32	19
Net loss after tax	(5,862)	(5,226)	(20,440)	(24,179)
Basic and diluted earnings (loss) per share - $	(0.030)	(0.029)	(0.108)	(0.136)
Depreciation & amortisation	252	246	1,024	939
Fair value of options issued under employee plan	830	397	3,434	1,488

Financial Statements

Balance Sheet Data	As at	
	30-Jun-08	30-Jun-07
	A$	A$
Cash and cash equivalents	111,842	76,182
Plant & equipment	3,668	3,521
Intangible assets	1,227	1,239
Total assets	125,049	82,648
Total liabilities	(5,928)	(6,089)
Total shareholders' equity	119,121	76,559

Cash Flow Data	Three months ended		Year ended	
	30-Jun-08	30-Jun-07	30-Jun-08	30-Jun-07
	A$	A$	A$	A$
Cash flows from operating activities	(3,673)	(3,608)	(18,850)	(20,697)
Cash flows from investing activities	(736)	(295)	(5,059)	(1,322)
Cash flows from financing activities	1	171	59,572	363
Net increase (decrease) in cash held	(4,408)	(3,732)	35,663	(21,656)

Share Capital
(including options)



30 June 2008: 194.5m shares; 11.5m options