ASX Limited
Market Announcements Office

Phosphagenics Half Year Financial Results

26 August 2016, Melbourne: Australian drug delivery company, Phosphagenics Limited (ASX: POH) today reported its financial results for the half-year ended 30 June 2016.

Financial Summary:

- Revenue up 34% to $1.3 million (1H15: $1.0 million)
- Reported net loss after tax from continuing operations of $5.4 million (1H15: $8.2 million)
- Cash position at 30 June 2016 of $9.9 million ($12.4 million at 31 December 2015)
  Royalties and licencing fees increased 350% to $0.4 million
- Net operating cash outflow decreased to $2.6 million (1H15: $5.1 million)

Operational Summary:

- R&D alliance signed with Terumo Corporation for three pharmaceutical products
- Two option agreements signed with Terumo Corporation for TPM®/Oxymorphone and TPM®/Oxycodone patches
- Expanded license agreement with Themis Medicare covering additional 16 countries
- Animal Health pig studies completed and dairy cattle study initiated

Phosphagenics has increased revenue by 34% to $1.3 million and reduced its net loss after tax by 37% to $5.4 million compared to the first half of 2015.

The improved revenue result is attributed to additional royalties and license fees, specifically upfront payments from the company's partner Terumo Corporation and from the expanded license agreement with Themis Medicare. Royalties from sales of products containing TPM® also increased due to an increased range of products from cosmetic brand Le Métier de Beauté.

Reported net loss after tax from continuing operations was $5.4 million (1H15: $8.2 million.

Dr Ross Murdoch, CEO of Phosphagenics, said "We continue to make very positive progress across all three businesses, and the positive half year results reinforce our corporate strategy to apply a commercial focus to all activities and to establish partnerships to further advance our TPM® technology."

Enquiries

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About Phosphagenics

Phosphagenics Limited is focused on developing and commercialising innovative Human Health, Animal Health and Personal Care products using its proprietary drug delivery system called TPM® (Targeted Penetration Matrix). TPM® is derived from Vitamin E using a unique, proprietary and patented process and has been proven to enhance the solubility and oral, dermal and transdermal absorption of drugs and nutrients. Amongst its major projects, Phosphagenics' is developing TPM® enhanced oxymorphone and oxycodone patches for the treatment of pain.

Phosphagenics' shares are listed on the Australian Securities Exchange (POH) and its ADR – Level 1 program in the US is with The Bank of New York Mellon (PPGNY).

Inherent Risks of Investment in Biotechnology Companies

There are a number of inherent risks associated with the development of pharmaceutical products to a marketable stage. The lengthy clinical trial process is designed to assess the safety and efficacy of a drug prior to commercialisation and a significant proportion of drugs fail one or both of these criteria. Other risks include uncertainty of patent protection and proprietary rights, whether patent applications and issued patents will offer adequate protection to enable product development, the obtaining of necessary drug regulatory authority approvals and difficulties caused by the rapid advancements in technology.

Forward-looking Statements

Certain statements in this announcement may contain forward-looking statements regarding Company business and the therapeutic and commercial potential of its technologies and products in development. Any statement describing Company goals, expectations, intentions or beliefs is a forward-looking statement and should be considered an at-risk statement. Such statements are subject to certain risks and uncertainties, particularly those risks or uncertainties inherent in the process of developing technology and in the process of discovering, developing and commercialising drugs that can be proven to be safe and effective for use as human therapeutics, and in the endeavour of building a business around such products and services.

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