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Therapeutic products for respiratory and autoimmune diseases

September 2005

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The following factors, among others, could cause actual results to differ materially from those described in the forward-looking statements: risks associated with preclinical, clinical and sales and marketing developments in the biopharmaceutical industry in general and in particular including, without limitation, the potential failure to meet Aridol revenue goals, the potential failure of Bronchitol to prove safe and effective for treatment of COPD and/or Cystic Fibrosis, determinations by regulatory, patent and administrative governmental authorities, competitive factors, technological developments, costs of developing, producing and selling Aridol, Bronchitol and Pharmaxis' other products under development; and other economic, business, competitive, and/or regulatory factors affecting Pharmaxis' business generally, including those set forth in Pharmaxis' filings with the ASIC, including its Annual Report for its most recent fiscal year and its most recent Quarterly Report, especially in the "Factors Affecting Our Operating Results" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections, and its Current Reports. Pharmaxis is under no obligation to (and expressly disclaims any such obligation to) update or alter its forward-looking statements whether as a result of new information, future events, or otherwise.

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The Business…..

Manufacture

- Fund product development through to registration
- Launch products in accessible markets
- Use distributors for other markets
- Retain full product rights

Aridol

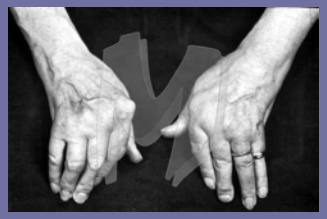
Aridol

- Diagnosis and management of asthma and chronic obstructive pulmonary disease

Bronchitol

Bronchitol

- Treatment of cystic fibrosis and chronic obstructive pulmonary disease



Autoimmune disease

PXS64

- Research into new treatments for multiple sclerosis and rheumatoid arthritis

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The Pipeline....

--------Clinical Trials----------

	research	preclinical	phase I	phase II	phase III	registration	market
Respiratory diseases							
Aridol – asthma						EU/Aus	2006
Aridol - COPD							
Bronchitol - bronchiectasis							
Bronchitol – cystic fibrosis							
Bronchitol - chronic bronchitis							
Autoimmune diseases							
PXS25/64 - multiple sclerosis							
PXS2076 – rheumatoid arthritis							
PXS2098 – other autoimmune							

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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

- Ian McDonald PhD — CTO — VP Discovery, SIBIA

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The Progress……

- **Aridol**
  - Completed Phase III asthma trial (Aus/EU)
  - US Phase III trial ready to commence
  - Marketing application lodged - Aus/EU
  - Commenced Phase II COPD study
- **Bronchitol - bronchiectasis**
  - Completed Phase II trial
  - Orphan Drug designation granted by FDA
  - Compassionate use granted by TGA
  - Eu & Au PIII study ready to commence
- **Bronchitol – cystic fibrosis**
  - Completed Phase II trial
  - Comparison study ready to commence
  - Phase II dosing study ready to commence
  - Orphan Drug designation granted by FDA

- Improved oral version of PXS25 discovered
- Manufacturing
  - TGA approved GMP facility
  - Production capacity tripled
  - Uneventful TGA facility audit
- Listed on NASDAQ – Aug 05
- A$20 million placement - Nov 04
- A$6 million Aus P3 government grant awarded

Market capitalization on August 31 2005 ~ A$325million

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Global Capital Raising

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Capital raising (structure).....

Global Capital Raising • **Coordinated bookbuild in Australia and USA** • **Common pricing** • **Closings are not contingent on one another**	
Australia (ASX)	Private placement of 17.5 million shares
USA (Nasdaq)	Public offering of 21.0 million shares
Allowance for increasing US offering	Standard feature in US: 4.2 million shares
TOTAL (maximum)	42.7 million shares

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Capital Raising (purpose)…….

- Clinical development of Bronchitol for cystic fibrosis
- Broaden the commercial opportunity for Aridol
- International launch of Aridol
- Additional clinical opportunities for Bronchitol
- Clinical development of Bronchitol for chronic bronchitis
- Expansion of manufacturing/company facilities
- Further development of preclinical pipeline
- Raise international profile
- Promote liquidity of Nasdaq/ASX shares

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Capital raising (timing)……

- U.S. SEC review of U.S. prospectus (30-60 days)
  - Lodged 26 September 2005
- Shareholder review and approval
  - General meeting on 28 October 2005
- Anticipated close (subject to shareholder approval and SEC review) – November/December 2005

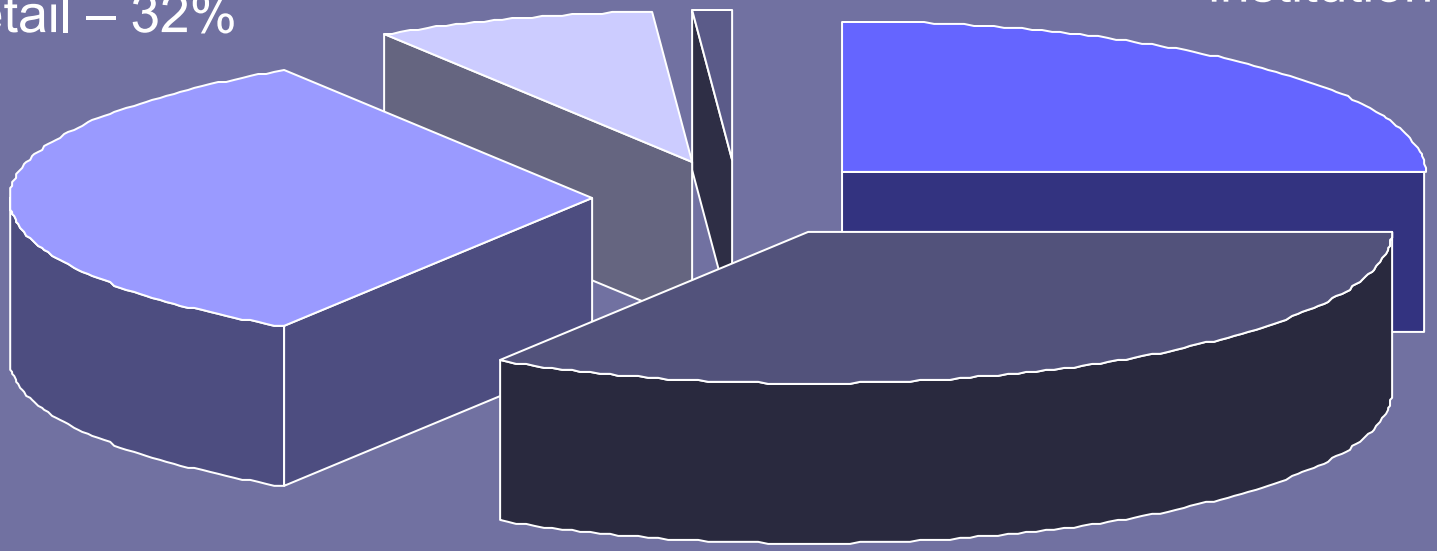
Share Capital
(including options)

directors & management – 8%

employee options – 1%

institutions – 25%

other/retail – 32%



founders and VC's – 34%

31 August 2005

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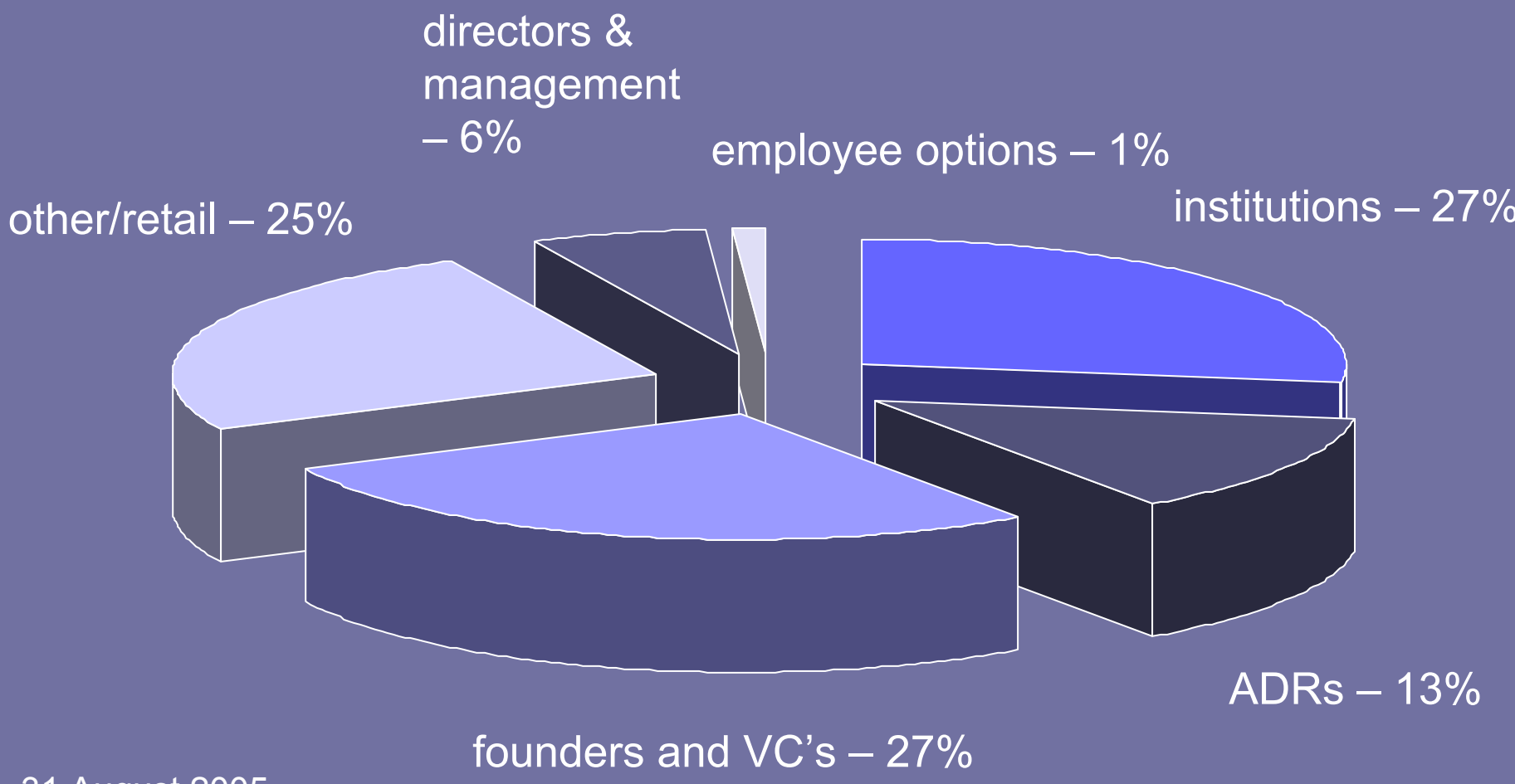
Share Capital - Proforma

(including options)



31 August 2005

Proforma gives effect to Australian placement of 17.5m shares, US public offering of 21m shares, sale of 3.15m GBS shares

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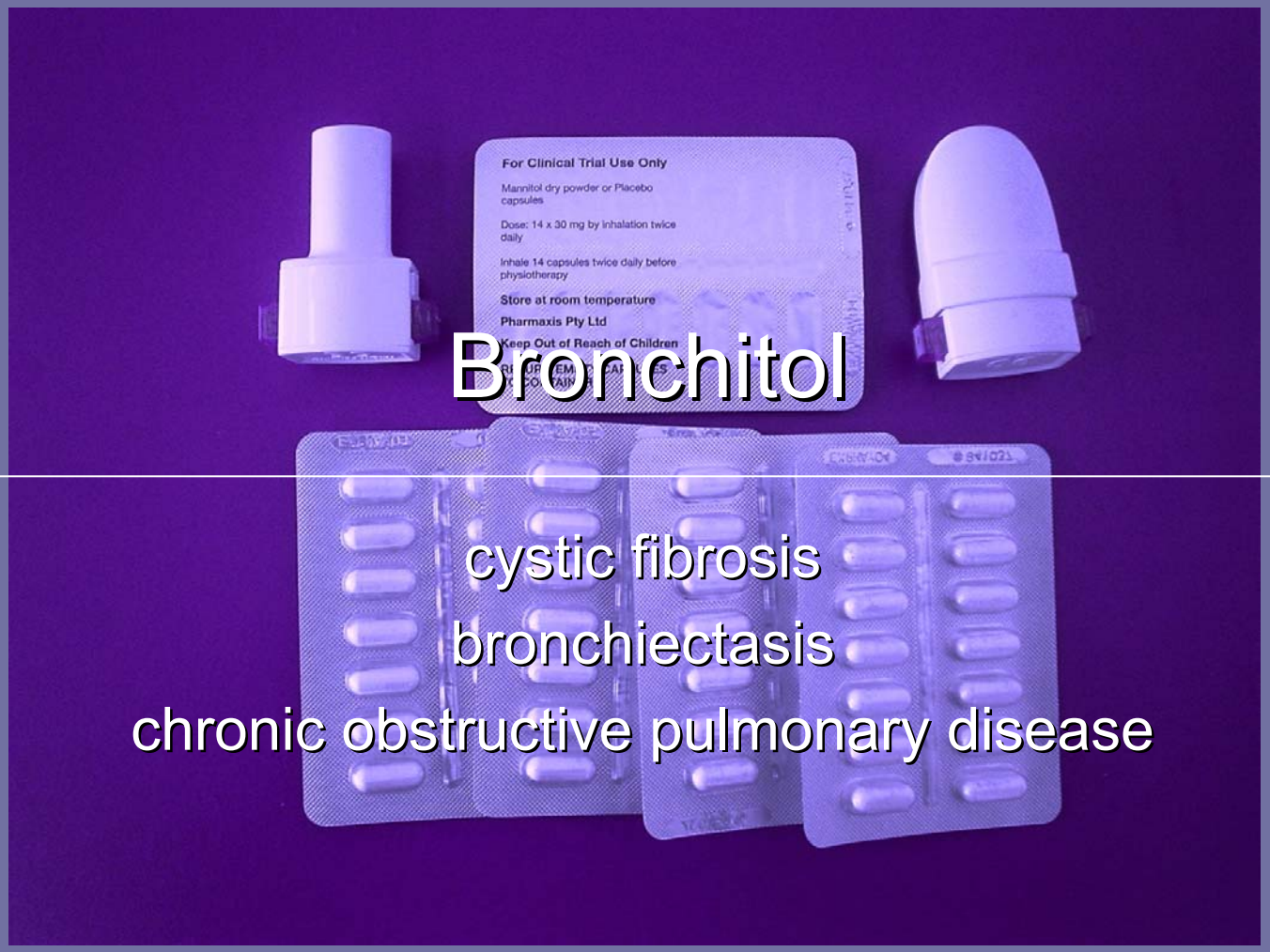

Bronchitol

cystic fibrosis

bronchiectasis

chronic obstructive pulmonary disease

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Bronchitol

cystic fibrosis, bronchiectasis and chronic bronchitis

- Cystic fibrosis
  - Genetic, life limiting, disorder affecting 30,000 in U.S.
  - 66% of people with CF are <18
  - Annual healthcare cost in the US - >$1 billion
  - Poorly hydrated, difficult to clear, thick mucus

- Bronchiectasis
  - Abnormal, irreversible dilation of the lower airways
  - Daily mucus production, constant coughing, breathlessness
  - >60,000 affected in the U.S.
  - Treatments only partially effective

- Chronic bronchitis
  - Chronic cough, breathlessness, heavy sputum
  - >30 million people affected in 7 major pharmaceutical markets

Thickened mucus begins a vicious cycle….

Abnormal sodium chloride & water movement through cell

Bronchitol

Physiotherapy

Abnormally thick and dry mucus

Mucolytics eg Pulmozyme

Thickened mucus

Bronchial airway obstruction

Release of Proteases & DNA

Infection

Anti-inflammatories eg ibuprofen

Inflammation

Antibiotics eg TOBI

Progressive lung tissue destruction

Respiratory failure

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How Bronchitol works……

Bronchitol

---cystic fibrosis, bronchiectasis and chronic bronchitis---

- Cystic fibrosis
  - Acute study completed
  - PII 2 week trial completed (CF201)
  - PII 2 week dose selection study – Canada
    - To report H1 2006
  - PII 3 month comparator study against market leader, Pulmozyme
    - To report 2007
  - US Orphan Drug designation granted
  - Pivotal pre-registration studies to commence mid 2006
  - Targeting market application submission – 2007/2008

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CF201 study summary….

- Phase II in 39 patients with cystic fibrosis
- Multicentre (8 sites)
- Randomised two week treatment periods
- Placebo controlled
- Double blinded
- Crossover with follow-up

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Primary endpoint

Change in FEV_1		
	Bronchitol	Control
Relative (%)	7 ± 2	0 ± 2
Versus control	p<0.01	

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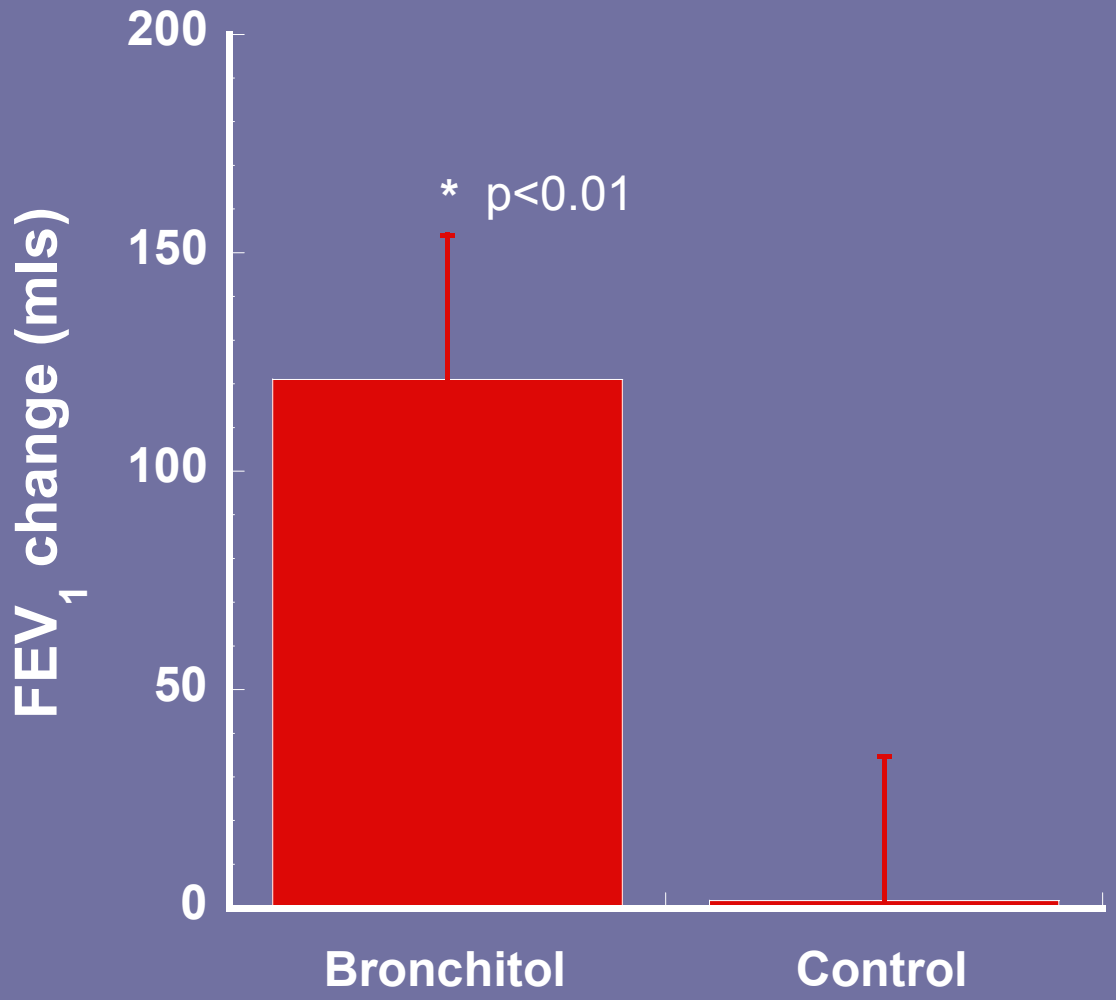
Primary endpoint - absolute change in FEV_1



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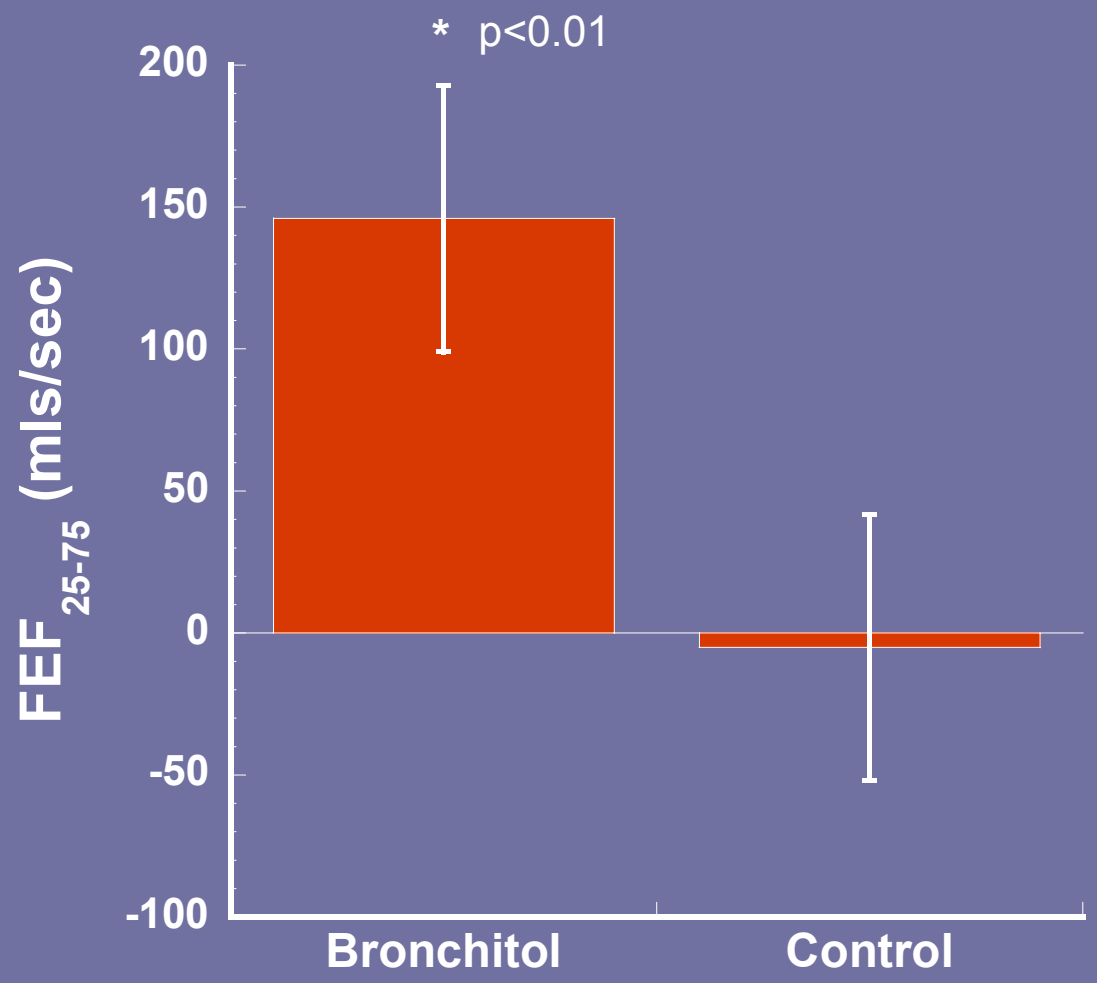
Secondary endpoints

Change in FEF_{25-75}		
	Bronchitol	Control
Relative (%)	15.5 ± 5	0.6 ± 5
Versus control	p<0.01	

FEF_{25-75} or MMEF is considered a measure of small airway function

Secondary endpoints - absolute change in FEF_{25-75}



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Bronchitol

cystic fibrosis, bronchiectasis and chronic bronchitis

- Bronchiectasis
  - PII trials complete
  - Supplied in Australia under compassionate use program
  - PIII trials (EU & AU) to commence Q4 2005/Q1 2006
  - US Orphan Drug designation
  - PIII trials (USA) to commence 2006
  - Targeting first market authorisation application - 2007

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Phase IIb Clinical Trial Results - bronchiectasis

Dropout Rate		3/60 (2 on placebo)
Primary End Points	Quality of life	Significant improvement on Bronchitol over baseline ($p<0.05$)
	Sleepiness	Significant improvement Bronchitol over placebo ($p<0.05$)
	Symptoms	Highly significant improvement Bronchitol over placebo ($p<0.005$)
Secondary End Points	Exercise capacity	Trend to improvement ($p=0.07$)
	Lung Function	No changes
	Sputum microbiology	No changes
	Sputum rheology	
	Sputum volume	No changes
Clinical Improvement (all)	>4.0	4.8
Clinical Improvement (43/60)	>4.0	6.9
Adverse Events		None serious

Being supplied in Australia on an individual compassionate use basis

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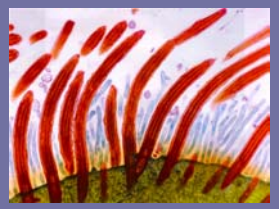
Bronchitol

cystic fibrosis, bronchiectasis and chronic bronchitis



- Chronic bronchitis
  - Disease largely attributable to smoking
  - No therapy halts disease progression
    - ⇨ Treatment aimed at symptom relief - bronchodilation
  - Acute pilot studies completed
  - PII clinical protocol in development
    - ⇨ Quality of Life
    - ⇨ Additional end point
  - Study to commence 2006

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Aridol™

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

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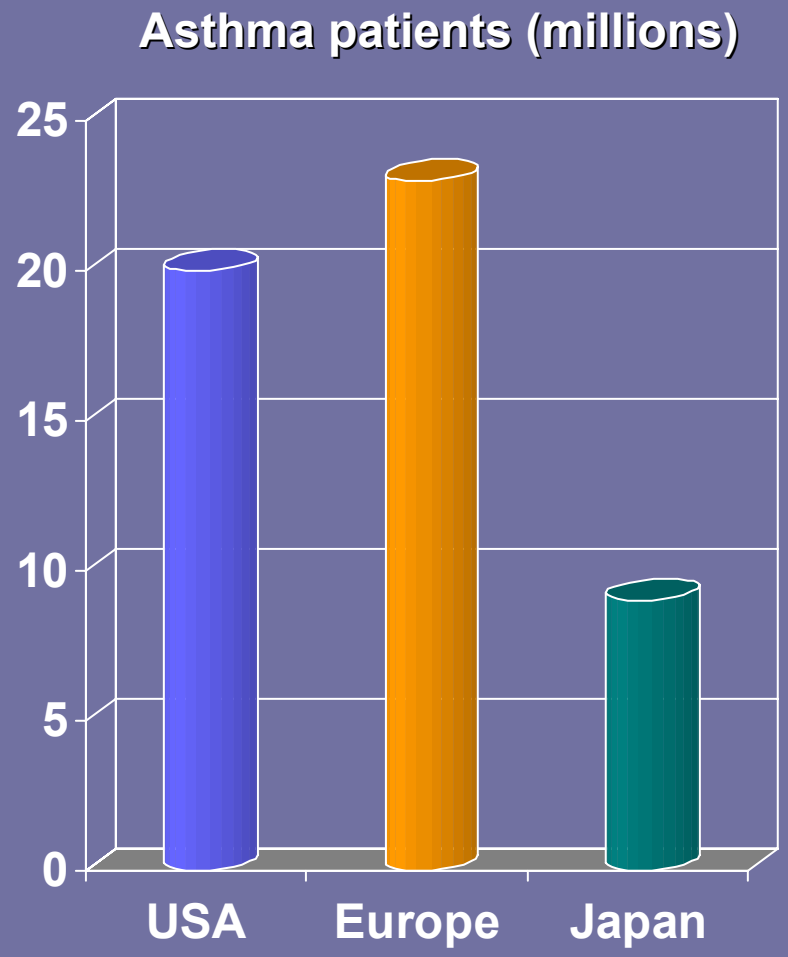
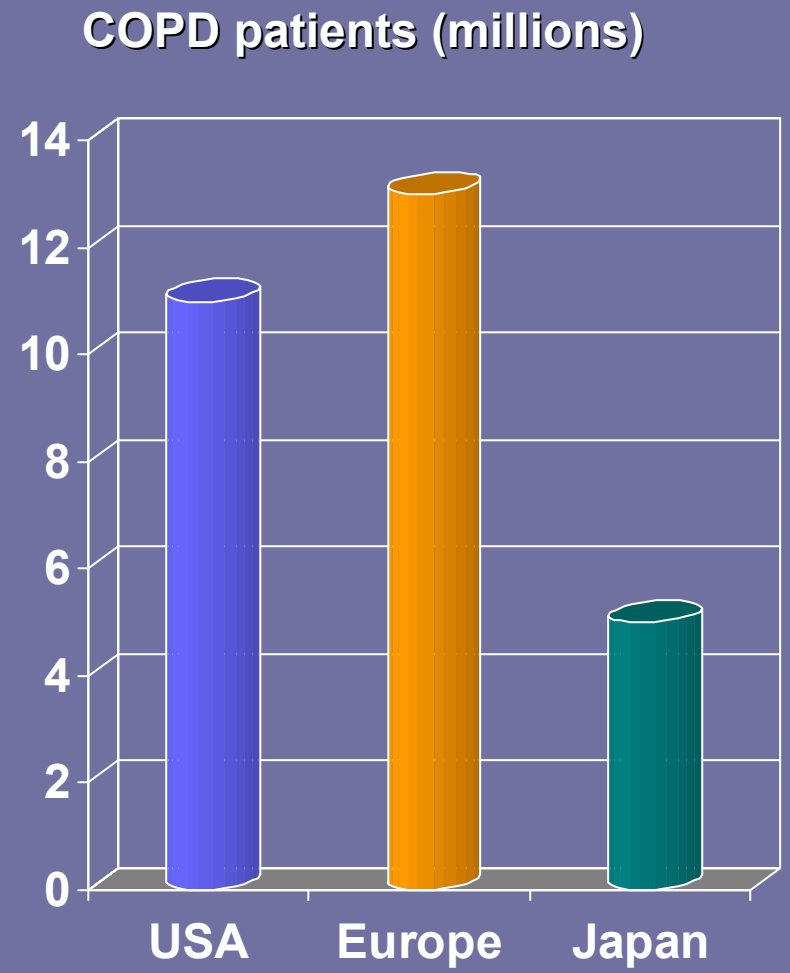
Asthma – an disease with poor diagnosis



- Asthma has a high prevalence worldwide
- There is no simple test to identify airway inflammation
- The diagnosis rates for asthma remain low, with on average only 57% of the prevalent population diagnosed per country.
- Approximately 15% of people receiving anti-asthma medication do not have asthma.
- Patient management difficult

COPD – major health problem



- 30 million people affected in 7 major pharmaceutical markets
- Cost to US healthcare - US$30 billion pa
- 20-25% respond to inhaled steroids but no test to identify them

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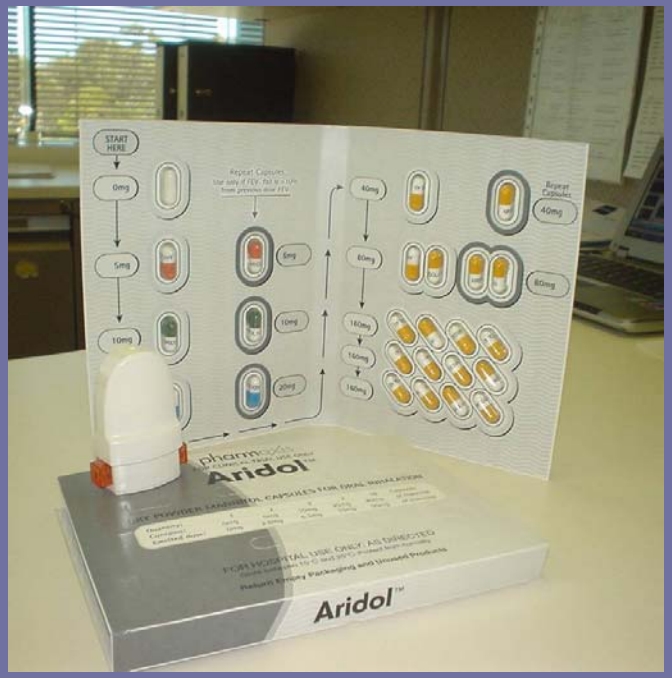
Aridol™



Clinical Trials pack

- Unique clinical applications in the diagnosis and management of Asthma and COPD
- Quick and easy to use – test patients in physicians rooms
- Tested on over 1200 asthma patients

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Phase III trial summary…

- 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

European and Australian marketing authorisation submitted

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Competitor analysis

Attribute	Exercise test	Direct challenge	eNO	Aridol
Equipment				
Max Time	35 min	40 min	10 min	20 min
Preparation	None	30 min	None	None
Specificity	EIA	No	No	Yes
Manage Rx	No	No	?	Yes
Cost	$$$	$	$$$$	$

Aridol: First 'point of care' test specific for Asthma

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Potential clinical applications for Aridol™

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

1. **Asthma diagnosis[1]**
   - Identifies airway inflammation
   - Dose response
2. **Asthma patient management / response to treatment[2]**
   - Negative test = good control of asthma
   - Positive test = currently active airway inflammation
   - Predict risk of exacerbation when back titrating steroids
3. **Identification of COPD patients responsive to steroids[2]**
   - Confident prescription of appropriate medication.
   - Reduce unnecessary steroid usage and healthcare costs.

NOTES: *1 = Evidence available from pivotal phase 3 study*

2 = Proof of concept only; definitive studies ongoing / planned

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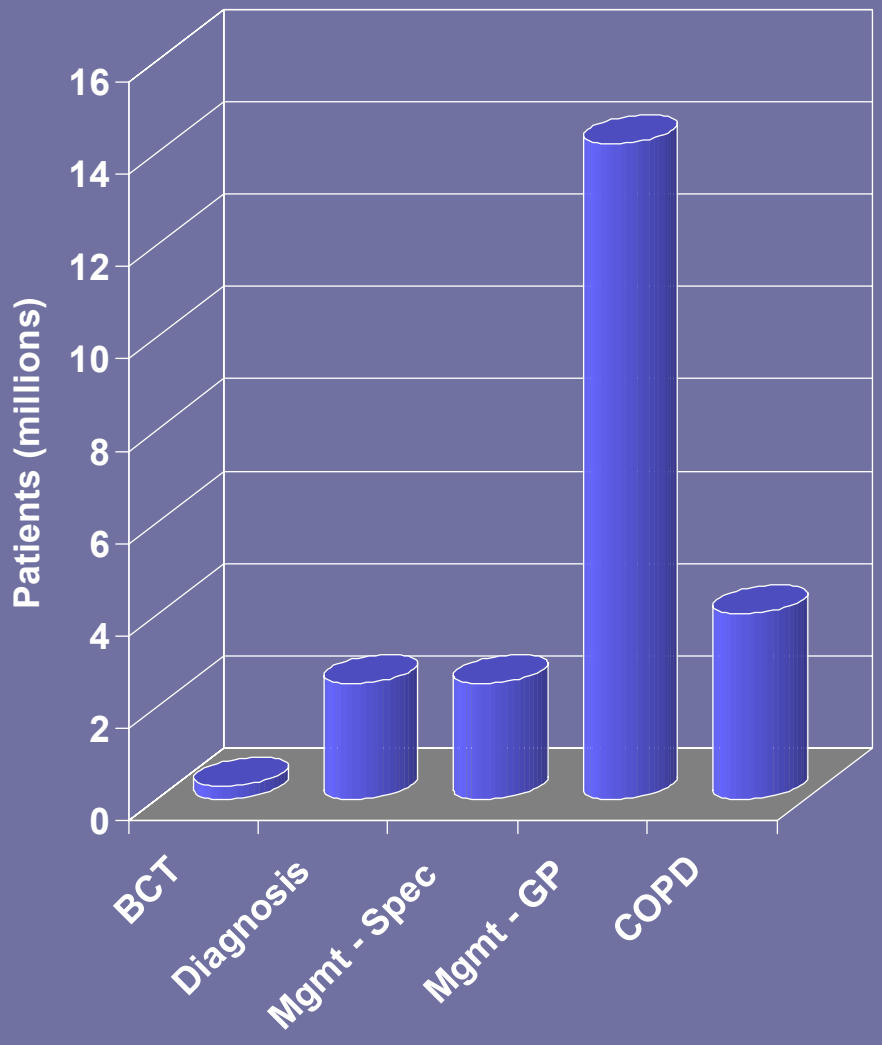
Potential market for Aridol™



- Replace existing tests
- Asthma diagnosis
- Asthma management
  - Specialists
  - Generalists
- COPD steroid responders

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Worldwide development of Aridol

In Progress
Planned

Total ~ 18 studies
3,500 patients

Sweden
Asthma x 1

Norway
Asthma x 1
Asthma x 1

USA
Asthma x 1

UK
Asthma x 2
Asthma x 1

Denmark
Asthma x 1
Asthma x 2

Greece
COPD x 1

Switzerland
Asthma x 2
COPD x 1
Asthma x 2

Australia
Asthma x 2
COPD x 1
Asthma x 1
COPD x 1

Multi National Studies x 2
- Asthma (GPs) in 7 countries
- COPD in 3 countries

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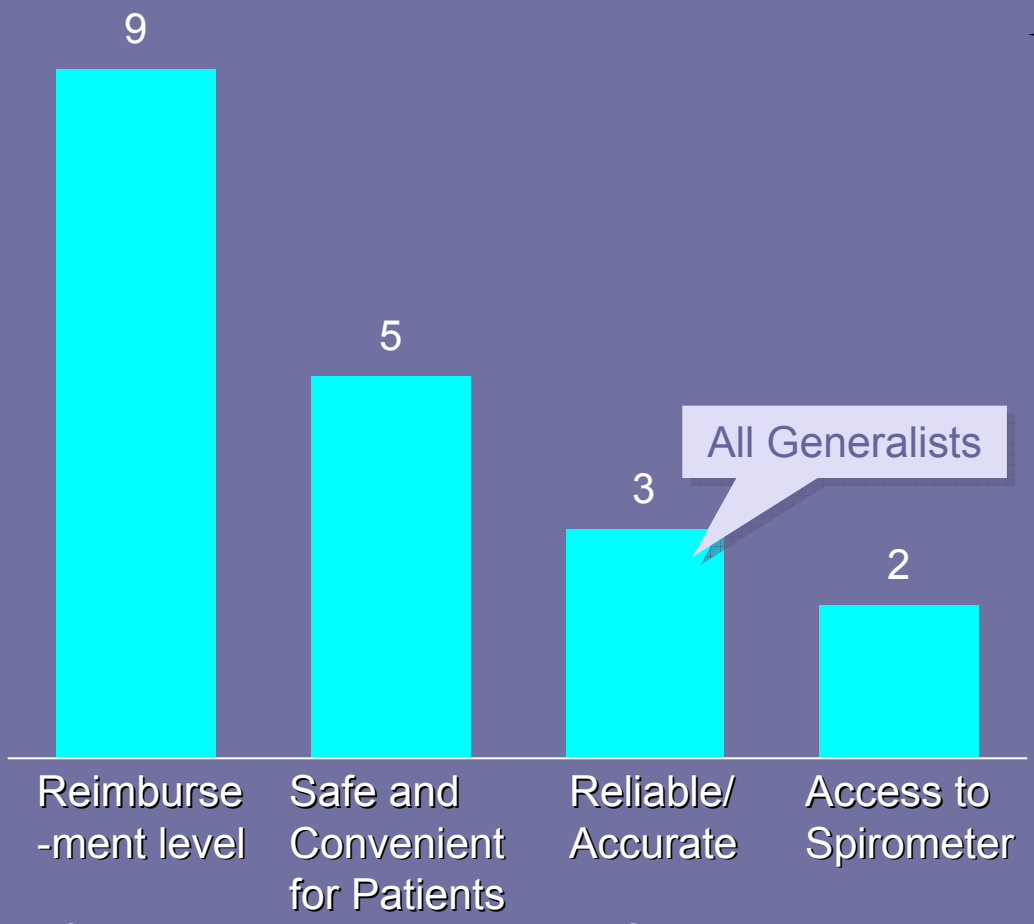
Reimbursement and safety / reliability perceptions are the key challenges

Number of Physicians Who Mentioned* This Concern About Aridol™ (Out of 50 responders)



Aridol well placed to overcome challenges

- US consultant's key finding is that no new procedure codes or modifications to procedure codes are necessary for reimbursement of Aridol
- Completed Aridol phase 3 study designed to answer safety and reliability questions.

* Sum of prompted and unprompted responses Source: Physician Interviews; PTD analysis

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Aridol – Commercial key success factors

Key Success Factor	Action	Status
First registered indirect challenge test	Dossier to EU / TGA FDA trials underway	✓
First choice test for Key Opinion Leaders	Multiple trials in progress KOL development EU/US	✓
Labs replace existing tests with Aridol	Reimbursement	✓
Specialists refer more patients for all indications	Sign marketing partner (Pharmaxis in Australia)	Q4 05
Accepted in International Guidelines	Publications from studies	2006/7
GPs with asthma clinics commence testing patients with Aridol	Sign marketing partner	2006

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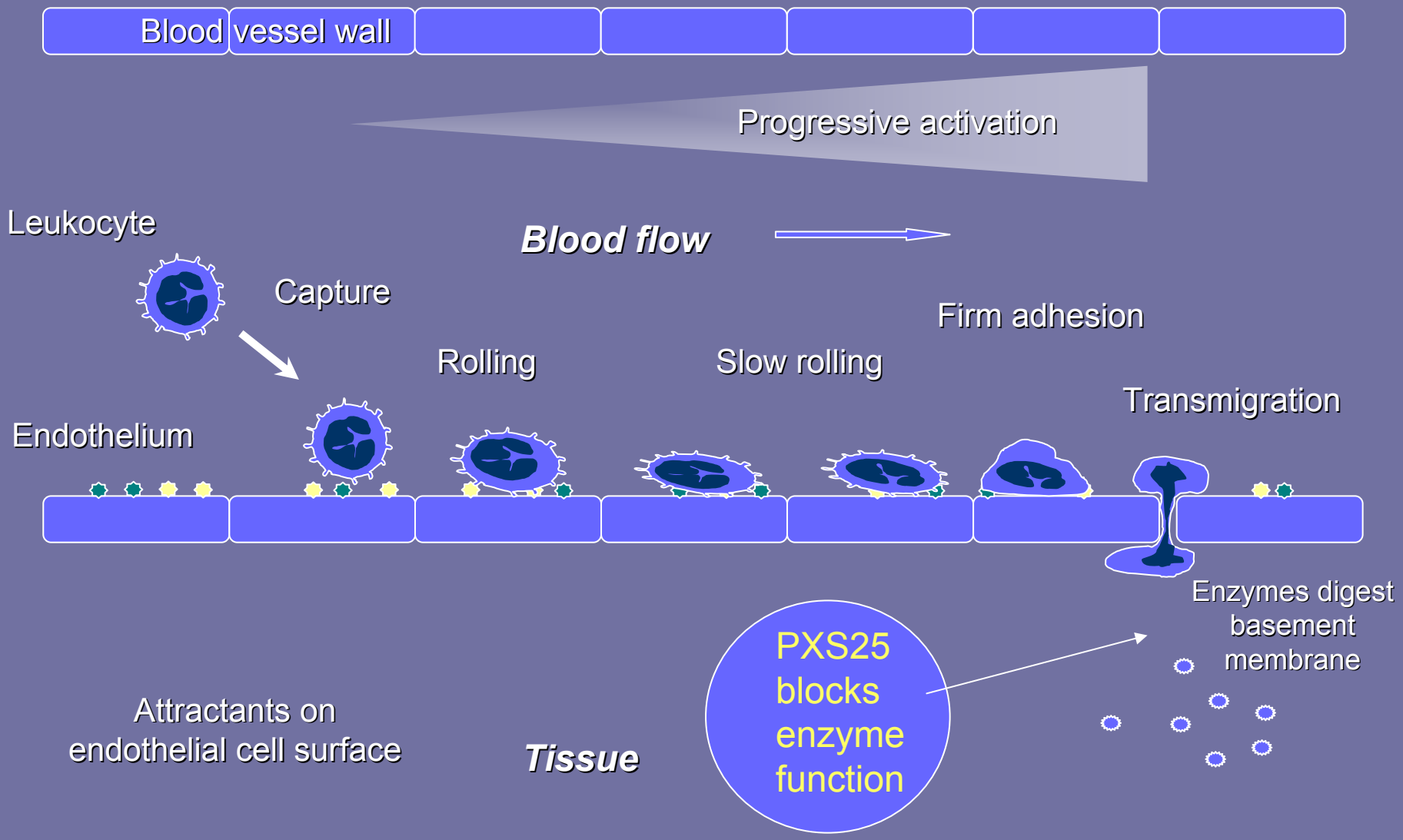
Autoimmune diseases

multiple sclerosis

rheumatoid arthritis

Autoimmune Disease

Inflammation: the leukocyte activation cascade



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Autoimmune Disease

- PXS25/64
  - Selective inhibitor of T cell migration
  - Novel mechanism of action
  - Effective in models of multiple sclerosis
  - Complementary with existing treatments
- Competitive Edge
  - Delivery by the oral route
  - Approach clinically validated
- Status
  - Preclinical development
  - Start human PI clinical trials 2006

Large market opportunity

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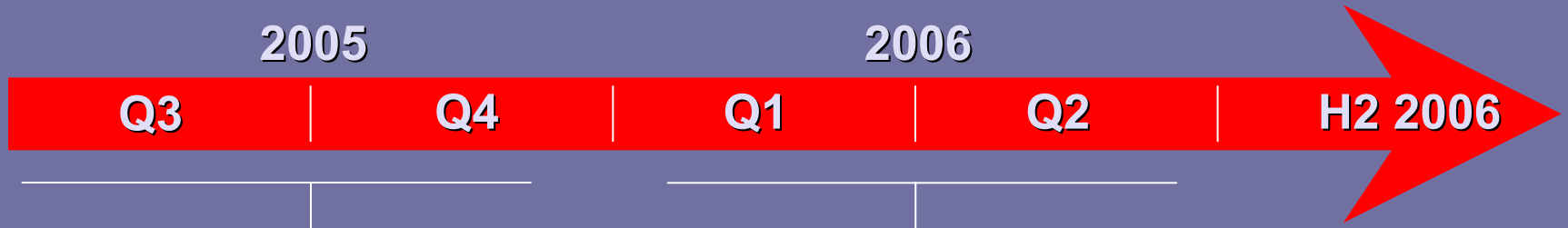
The clinical future ……



- Cystic Fibrosis
  - Canadian PIIb dosing study commences
  - UK study versus pulmozyme commences
- Bronchiectasis
  - European PIII study commences
- Aridol
  - US asthma PIII study commences

- Cystic Fibrosis
  - Canadian PII dosing study reports
  - European PIII study commences
  - US PIII study commences
- Bronchiectasis
  - US PIII study commences
- Aridol
  - US asthma study reports
  - Australian COPD study reports

Complete European bronchiectasis Phase III study

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Financials

ASX Investors

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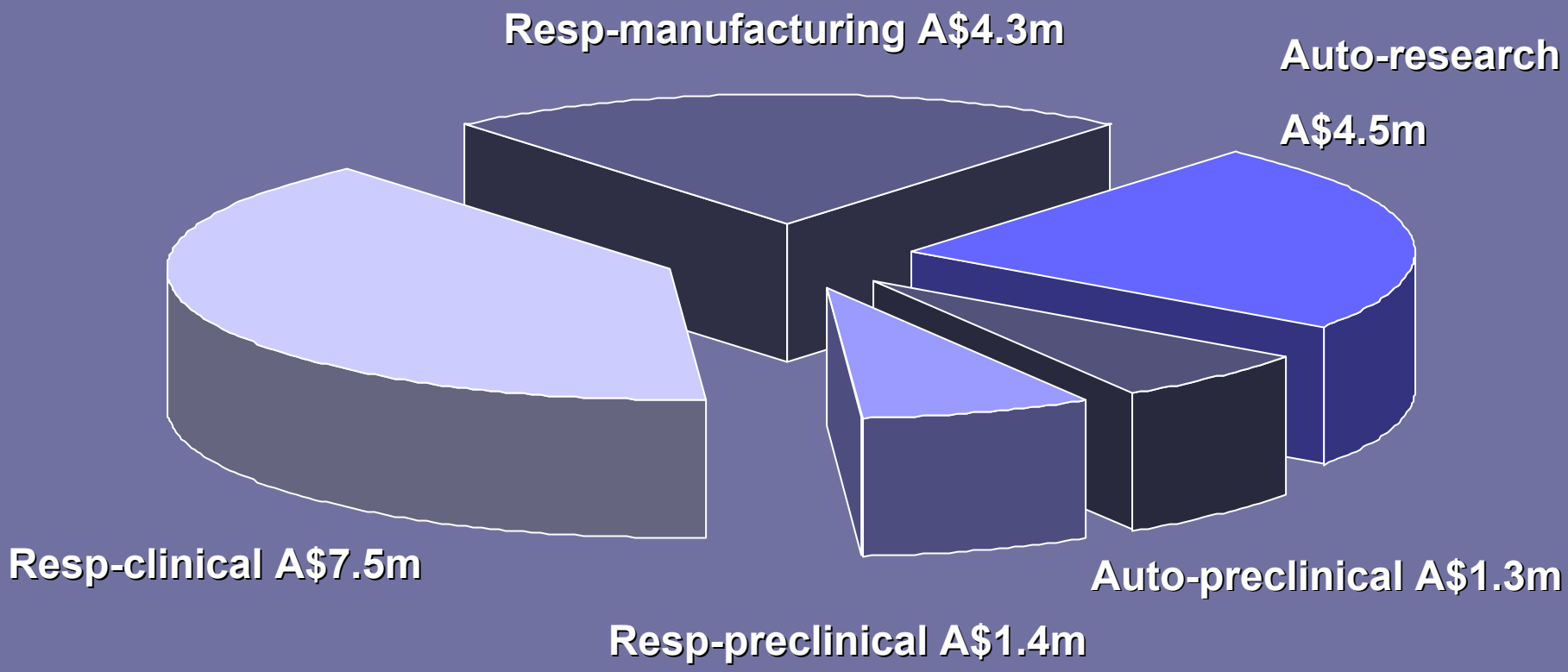
	Year ended 30 June,			
	2005 $'000	2004 $'000	2003 $'000	2002 $'000
Financial Performance				
Revenue				
Interest received	1,702	1,075	284	43
Research grants	1,172	1,105	976	646
Other		48	43	
	2,874	2,228	1,303	689
Expenses				
Research & development	(9,154)	(6,047)	(1,790)	(1,151)
Commercial	(847)	-		
Administration	(3,105)	(2,182)	(981)	(140)
Total expenses	(13,106)	(8,229)	(2,771)	(1,291)
Net loss before and after tax	(10,232)	(6,001)	(1,468)	(602)
Depreciation & amortisation	626	410	256	130
EBITDA	(11,308)	(6,666)	(1,496)	(515)
Cash Flows				
Cash flows from operating activities	(9,274)	(4,652)	(1,168)	(363)
Cash flows from investing activities	(1,575)	(406)	(1,652)	(36)
Cash flows from financing activities	19,021	22,891	9,453	-
Net increase (decrease) in cash held	8,172	17,833	6,633	(399)

R&D from Inception to June 30, 2005

(A$19.2m before R&D Grants of A$4.6m)



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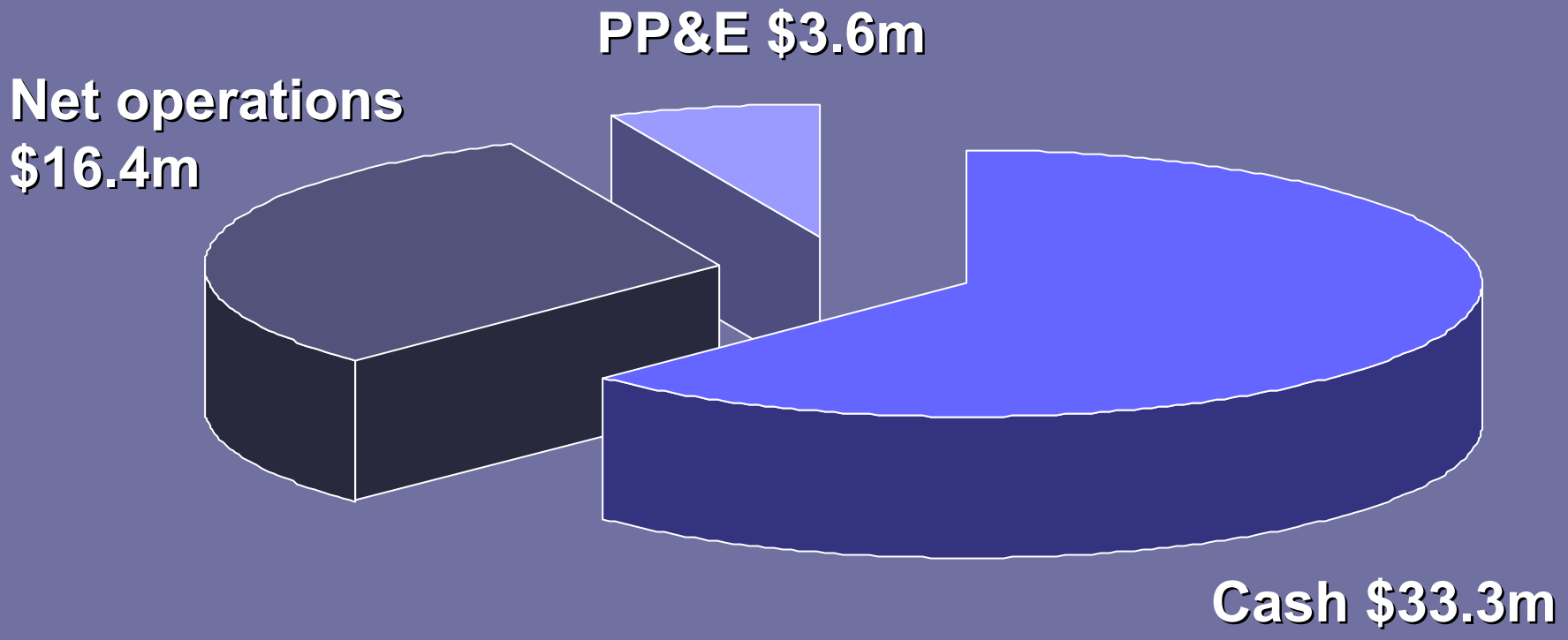
	30 June,	
	2005	2004
	$'000	$'000
Financial Position		
Cash and bank accepted commercial bills	33,389	25,217
Plant & equipment	2,477	1,474
Intangible assets	1,106	1,162
Total assets	37,937	28,261
Total liabilities	2,369	1,481
Total shareholders' equity	35,569	26,780

Total Capital Raised to June 30, 2005
A$53.3m



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Capitalisation Table

	30-Jun-05	30-Sep-05	Proforma
Share Capital			
(in thousands except option price/life data)			
Share Capital			
Shares on issue	134,770	134,982	134,982
Global Capital Raising			
ASX			17,500
NASDAQ			21,000
	134,770	134,982	173,482
Escrowed to 10 November 2005	24,964	24,964	24,964
Escrowed 90 days post closing			44,713
Options			
Options on Issue	10,914	11,302	11,302
Vested	8,792	8,792	8,792
Escrowed to 10 November 2005	6,720	6,720	6,720
Escrowed 90 days post closing			9,765
Average Exercise Price	0.31	0.39	0.39
Average Life - Years	6.7	6.7	6.7

Summary……

- Well resourced
- Bronchitol in Phase III for bronchiectasis
  - ✓ Market launch targeting 2007 (if clinical trials successful)
- Bronchitol completed Phase II for cystic fibrosis
  - ✓ Positive results
- Technical risk removed for Aridol
- Aridol asthma launch 2006 (if approved)
- Integrated business
  - ✓ All marketing rights retained
- Pipeline of earlier stage products
  - ✓ R&D phase

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