



PHOSPHAGENICS

ASX Company Release

Annual General Meeting

Chairman's Address & CEO Presentation

Date 24 May 2012

Attached for release to the market is a copy of the Chairman's Address together with the power point presentation to be given at the Annual General Meeting of the shareholders of Phosphagenics Limited in Melbourne today by Chief Executive Officer, Dr Esra Ogru.

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About Phosphagenics

Phosphagenics is commercialising drug delivery applications based on its novel transdermal (drugs administered via skin) TPM[®] – Targeted Penetration Matrix technology. TPM[®] is a patient friendly and cost effective system used to deliver proven pharmaceutical and nutraceutical products.

The lead product advancing through clinical trials is an oxycodone matrix system for the relief of chronic 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).

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Chairman's Address Phosphagenics Limited

Annual General Meeting 24 May 2012

I do not need to remind you that the past 12 months have seen some challenges on the economic and financial front. Whilst much of the bad news has been from overseas and particularly the Eurozone, the Australian economy and financial markets have not been exempt from the storm clouds from overseas. We do live in a multi-speed economy. It is therefore a tribute to the senior management and staff of Phosphagenics that we have emerged from this period as a stronger and more focussed Company. I think it is also true to say that the biotech sector in general in Australia is in good shape, and Phosphagenics is in a better position than I have seen it.

Over the course of the past 12 months we have continued to see some significant developments in Phosphagenics, and I said last year we are rapidly transforming into a commercial operation, and in the past year we have concentrated on preparing for a significant clinical trial on the transdermal delivery of oxycodone. As you would all be aware we undertook a very successful, and oversubscribed capital raising in the December quarter of last year in order to fund this trial and move towards our stated goal of achieving financial independence by 2013. In all of these developments the Board is very conscious of the need to enhance shareholder value for our investors, you. In all the work being carried out by our research team we are concentrating on achieving a successful outcome.

Since late last year Phosphagenics has engaged with 3M and patch designers to ensure the best possible outcomes. Your management team is very focussed on achieving a successful outcome to this project. Whilst there have been some delays in our on-going clinical trials it is felt that this will enhance the overall commerciality of the project, much of the delay has been related to improving the quality of the patch and enhancing its efficacy. Our partners in this have been the 3M company, and we have also held discussions with other major patch manufacturers.

In all of this we seek to preserve our capital and optimise our position. Dr Ogru will explain this in more detail shortly.

Whilst the successful oxycodone trial is the main focus of your Company and Board we have, over the past year continued to promote a range of skin care products under the Elixia brand name. These products are based on our unique platform technology. Personal care products have the advantage that they are commercially attractive as they do not require large financial resources for product research and development, nor are they subject to the same stringent regulations as drugs. However, as with most retail sectors, the growth in sales has been adversely affected by the overall decline in retail sales over the past year. This is also a worldwide phenomenon. For the next little while the Company will be concentrating on the *BodyShaper*[®] product, which has proved to be popular as well as commercially successful. Phosphagenics will continue to expand our personal care products in Australia and into new markets, in South East Asia. We are also vigorously pursuing distribution arrangements and licensing opportunities. In the USA and the UK. As a result of the on going challenges in the retail sector we are limiting our marketing spend so as to achieve both efficiencies and overall savings for the Company.

Despite the above it must be emphasised that management and the Company Board are very mindful that a successful oxycodone program will propel Phosphagenics to the status of a leading global biotechnology Company. This is and must be the main focus of the Board and management team

Esra will bring us a full update on all of these developments later in this meeting.

Phosphagenics' versatile platform continues to place us in a unique position to commercially exploit this technology across multiple markets. The Company recognises that there is a fine balance between maximising shareholders' value and losing focus on the aim of converting Phosphagenics to a fully commercial and profitable Company. For this reason the Company has implemented a plan to align itself with a number of strategic partners that not only pay for and conduct the development of new products, but on successful development of a project, have the channels to drive commercial success. Your Board and management team are very focussed on achieving a strong commercial outcome for all our shareholders.

Earlier this year the Board and Management team at the Annual Strategy Meeting spent some time considering further developments beyond the launch of the oxycodone project.

In addition to oxycodone the research team are actively partnering with others to utilise the technology in the delivery of other drugs for both human and animal application.

Consequently, the Company has, over recent years, entered into multiple arrangements with major companies in the fields of cosmetics, pharmaceuticals, animal health and dermatology. This approach has produced key strategic alliances in 2011 including with a global dermatological Company, and others. This trend will continue throughout 2012, particularly in the cosmetic and dermatology industry where the route to market is relatively short.

TPM[®]. technology has many advantages over existing technologies. The breadth and versatility of the technology allows it to be used in multiple applications to deliver small or large molecules both locally or systemically. For these reasons Phosphagenics has continued to establish strategic alliances. Our partners largely fund the cost of research and development for these projects. Several of these collaborations have known commercial outcomes with the commercial terms already negotiated. If you have been following the string of announcements you will appreciate the quality of some of our partners. In all of this we are very careful to protect the Company's "intellectual property" when negotiating deals.

Whilst we can see great progress over the past year we have not varied our strategic direction or focus.

Finance and People

I shall now comment briefly on our financial position and people. Your Directors are very focussed on maintaining a strong financial position. As you would be aware we ended 2010 with cash of around \$2.7 million and in March raised a further \$7,550,750. In addition to this we raised \$24.15 million in the December 2011 quarter which was placed to institutions, professional and sophisticated investors, as well as a limited Share Purchase Plan capped at \$3.0 million; this as you know was oversubscribed. As a result of this capital management we ended 2011 with cash of \$27.2 million. It was particularly pleasing to see not only continued support from our existing shareholders but also to introduce new shareholders to the registry, both domestic and offshore based.

I have already introduced you to the Directors but let me pay tribute to their contribution to Phosphagenics over the past year. We now have a Board focussed on the strategic direction for the future. Over the past year the Board has been active in overseeing the direction of the Company and all have made very positive contributions in accordance with their unique areas of expertise.

I must also pay particular tribute to our two executive Directors Harry Rosen and Esra Ogru who have both worked tirelessly for the benefit of the Company over the past year. Both of these individuals have a unique contribution and work well in ensuring the ultimate success of this venture. It is a great comfort to me to know that we have this team guiding the Company and with a focus on building shareholder value. It would be remiss of me not to mention the management team that support Harry and Esra; we do have a strong team both in Clayton and in other places.

With this Board and this management team I remain very confident about the future of Phosphagenics and I also thank you our loyal shareholders who have supported the Company for many years. I would ask you to be patient for a bit longer we are focussed we have a good technology with the development with oxycodone and other pharmaceutical products we have the kernel of a great Company, this is supported by the developments in the personal care line of products that are based on the same underlying technology.

We are focussed on delivering value to our shareholders.

I am certain that you would far rather hear from Esra than me so I shall now hand over to our CEO Esra Ogru.

Jonathan Addison

Melbourne, 24 May 2012



PHOSPHAGENICS

Commercialising a platform delivery
system: TPM[®]

Annual General Meeting
24 May 2012
Company Update

Dr Esra Ogru
Chief Executive Officer

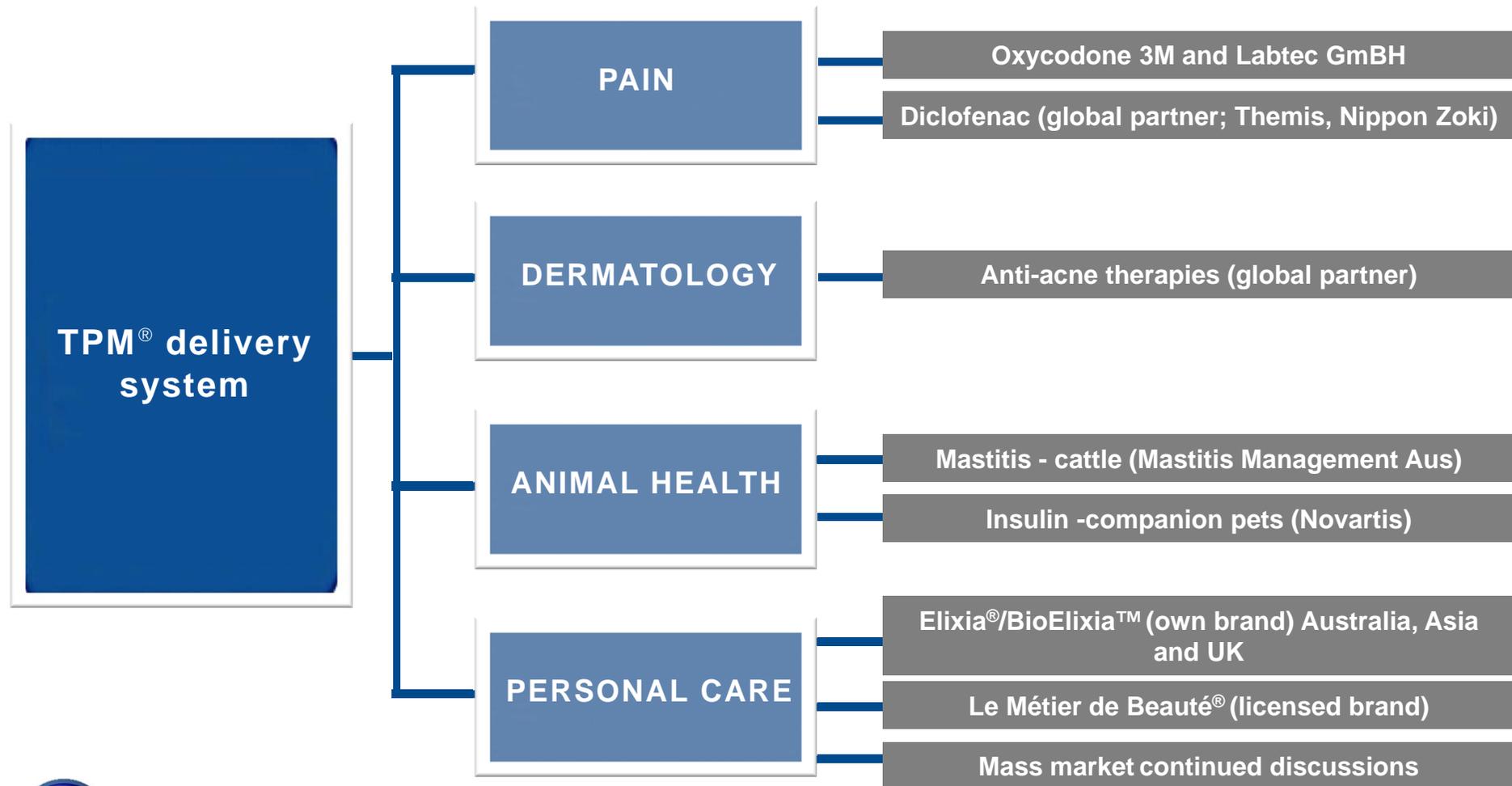
Disclaimer

This presentation contains forward-looking statements based on current expectations of future events. If underlying assumptions prove inaccurate or unknown risks or uncertainties materialise, actual results could vary materially from Phosphagenics' expectations and projections. Risks and uncertainties include general industry conditions and competition; economic conditions, such as interest rate and currency exchange rate fluctuations; technological advances and patents attained by competitors; challenges inherent in new product development, including obtaining regulatory approvals; domestic and foreign health care reforms and governmental laws and regulations.

Strong Position

- Company now strongly funded
- \$27.1m capital successfully raised in October
- Institutional placement and SPP strongly oversubscribed
- Positions the company to exploit TPM[®] technology
- Strengthen our commercial and business development team

TPM[®] Overview – Key Current Projects



TPM/Oxycodone – World's First Oxycodone Patch System

- World's first transdermal oxycodone patch
- Potential blockbuster product
- Multi-billion dollar global market
 - \$3.5 billion
- Reproducible, non-invasive delivery using TPM[®]
- Global development partner 3M (USA) and Labtec GmbH (Europe)

The TPM[®]/oxycodone patch has produced successful results in Phase 1 trials; Phase 3 trials are expected to commence Q1/2013

The logo for 3M, consisting of the letters '3M' in a bold, red, sans-serif font.The logo for Labtec, with 'Lab' in grey and 'tec' in blue, in a sans-serif font.

Advantages of TPM/Oxycodone

- The common disadvantages and limitations of oral oxycodone usage:
 - GI-related side effects such as constipation, head-aches and dizziness
 - Short duration of effect; breakthrough pain can occur within 6-8 hours
 - Development of tolerance thereby requiring increased dosage over time
 - Rapid absorption creates euphoria; the incentive for drug abuse
 - Oxycodone can be readily extracted for secondary market abuse
 - Certain patient populations are unable to swallow pills
- **Transdermal delivery through TPM[®]/oxycodone addresses ALL these serious issues**

TPM/Oxycodone – World's First Oxycodone Patch System

- Finalising patch product with 3M and Labtec GmbH
 - Overcoming patch crystallisation
 - What is crystallisation?
 - Ensuring patch stability and durability
 - Ensuring clinical and commercial viability
 - **Changes cannot be easily made to the product once Phase 3 commences**
- Completion of patch development and Phase 1 testing – H2/2012
- *Moving forward.....*

TPM/Oxycodone – World's First Oxycodone Patch System

- We will work closely with relevant bodies to ensure that our product reimbursement is fully supported by pain physicians
 - Physician surveys
 - Competitive analysis
 - Reimbursement strategy
 - Branding Strategy
- Working closely with our international advisors

Our Advisors

- **Lee Simon MD**

- Dr Simon is a Rheumatologist and has been the Division Director of Analgesic, Anti-inflammatory and Ophthalmologic Drug Products (DAAODP) (2001-2003), within the Center for Drug Evaluation and Research (CDER), FDA.
- He has been the recipient of several Quality Performance Awards and a Faculty Recognition Award from the FDA. He has served on and has been the Acting Chair of the Arthritis Advisory Committee of the DAAODP (1993-2001).

- **Dr Stephan Schug**

- Dr Schug is currently the Professor and Chair of Anaesthesiology in the School of Medicine and Pharmacology at the University of Western Australia and Director of Pain Medicine at the Royal Perth Hospital, Australia.
- He also maintains a position as Honorary Professor of Anaesthesiology at the University of Auckland, New Zealand.



Our Advisors

- **Dr Thomas Schiagheck**
 - Endo Pharmaceuticals, Inc. Vice President, Clinical Operations
2000 – 2004
 - Pharmaceutical consulting focused on the introduction of emerging technologies and concepts into the clinical development process
 - Services include strategic development, program and study design, execution and outsourcing logistics, data analysis and interpretation, organization development, due diligence
- Working with an International Contract Research Organisation (CRO)

TPM/Oxycodone – World's First Oxycodone Patch System

- Sites to be activated in Q4/2012
 - Australia
 - Asia
 - USA
- Proposed time lines
 - Q1/2013 – first patient treatment
 - 12 week application – to target chronic pain
 - Study completion 2014
 - NDA submission 2014
 - Product registration 2015

Personal Care Application - Elixia®

- TPM® has a unique property making it ideal for use in personal care products both as an active ingredient and as a delivery system
- **TPM® as a delivery system**
 - **Prestige market:** TPM® is licensed to US cosmetics company Le Métier de Beauté for use in several anti-aging products sold into high-end US department stores
 - **Mid-market:** TPM® is used in Phosphagenics' own brands – Elixia® (in Australia) and BioElixia™ (Asia, United Kingdom and other countries) – to deliver select anti-aging and anti-cellulite actives
 - **Mass market:** Phosphagenics is in continuing discussions with a global personal care companies for use of TPM® in skincare products with high volume sales
 - **Licensing** and private branding strategies



Personal Care Applications - Elixia®

Phosphagenics uses TPM's unique delivery system for better delivery of actives in a range of anti-wrinkle and anti-cellulite products



NEW
SCIENTIFICALLY PROVEN
SKINCARE RANGE

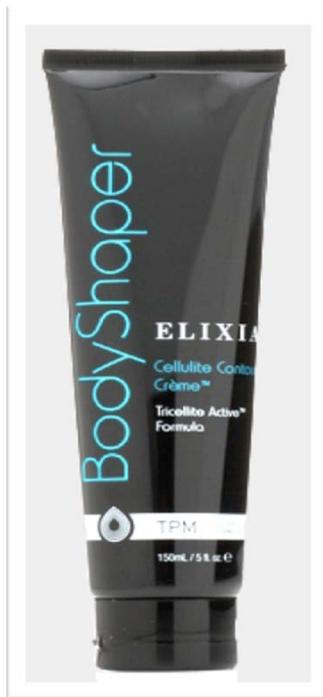
新的科學證明, 皮膚護理系列



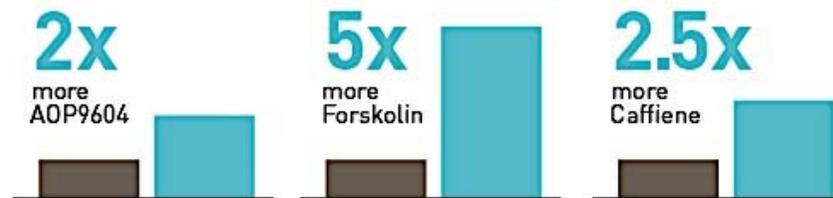
Focusing on BodyShaper® – Hero Product

ELIXIA® - Body Care

BodyShaper®: BioElixia™'s revolutionary anti-cellulite product



Objective photogrammetric testing showed an average reduction in the appearance of cellulite of over 37% after 4 weeks daily use and over 57% after 8 weeks daily use



Human Efficacy Trial

- Skin elasticity: average increase of over 10% after 8 weeks of daily use
- Skin hydration: average increase of over 52% after 8 weeks of daily use



PHOSPHAGENICS

Focusing on BodyShaper® – Body Range

- Maximising on our hero product
- Now available in **600 stockests throughout Australia**
- International expansion is continuing and growing
 - Korea
 - Malaysia
 - Asia
 - UK
 - USA.....
- **Scientifically proven**
 - Less competition
 - Easier message & better take up
- **Concentrating on a Body range ie,**
 - Tanning
 - Stretch marks



PHOSPHAGENICS



Value Drivers

- **TPM[®] Technology is a platform delivery system**
 - Multiple revenue opportunities across Pharmaceutical and Personal Care business
 - All opportunities will underpin growth in supply and manufacture of TPM[®]
- **Pharmaceutical Division**
 - Progress with TPM/oxycodone clinical trials
 - License TPM/oxycodone patch following completion of Phase 3 for chronic pain
 - Licensing of other products, ie. TPM/diclofenac topical formulation
- **Personal Care Division**
 - Mass market opportunity to partner/license with global player a priority
 - ELIXIA[®] and *BioElixia*[™] growth opportunities in Australia, Asia, USA and Europe



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