



ASX RELEASE

First Half Results

Brisbane, Australia, 10 February, 2004: The Directors of **Peplin Biotech Ltd (ASX:PEP)** today announced that significant progress was made on a number of fronts during the six month period to 31 December 2003. Highlights included:

Final stages of pre-IND activities

Peplin's primary focus during the period has been completion of activities under Peplin's development collaboration with Allergan for Peplin's lead product PEP005 as a topical therapy for actinic keratosis (AK) and non-melanoma skin cancer (NMSC) ahead of a filing of an investigational new drug (IND) application. A significant number of studies, analyses and reports have been funded and completed by Peplin. Allergan expects to file an IND application with the US Food and Drug Administration (FDA) and thereafter initiate a Phase I/II proof of concept clinical trial in diseased patients in the second quarter of calendar 2004. Allergan as the sponsor of the IND will file the application with the FDA and Allergan will be responsible for the product's clinical development. As a result, Peplin's financial commitments under this agreement going forward will decline significantly.

Receipt of initial quarterly development payment from Allergan

During the half ended 31 December 2003, Peplin received US\$500,000 as the first equal quarterly instalment of the development payment for 2004 from Allergan. Peplin also received other amounts from Allergan during the half for pre-clinical product development.

Peplin received an upfront payment of US\$1 million on signing the development collaboration and licence agreement with Allergan in the corresponding period last year and may receive up to a further US\$22 million comprising milestone payments and development payments before commercialisation by Allergan. Thereafter Peplin may receive royalty payments on net sales. The next milestone under the collaboration agreement will be the IND filing, with further milestones on commencement of Phase III clinical trials, NDA filing and NDA approval.

Promising progress on leukemia

As announced in September 2003, a Peplin contract research group based at Birmingham University in the UK has produced promising results evaluating our lead compound PEP005 as a potential systemic therapy for the treatment of leukemia. In discrete *ex vivo* experiments conducted using primary blast cells cultured from patients suffering from refractory acute myelogenous leukemia (AML), anti-cancer effects of PEP005 have been observed at very low concentrations. This research program is ongoing and continues to deliver on its early promise of a potential systemic therapy for this very serious and poorly treated cancer condition. A systemic (intravenous) formulation of PEP005 would leverage the investment already made in the pre-clinical evaluation of the topical formulation of PEP005.

Acquisition of a portfolio of potential therapeutic products

Peplin announced in November 2003 the acquisition of the rights to a portfolio of research stage compounds comprising engineered polyunsaturated fatty acids (EPUFA), with potential therapeutic utility in conditions such as cardiovascular disease, complications of diabetes, pain, inflammation and cancer. Peplin has been planning the research and development pathway for this very interesting portfolio of potential products which will enhance both the diversity of compounds Peplin has under development and the disease states which we address.

Management changes

There have been significant changes to the management team at Peplin. Compared with 12 months ago, there are five new faces and the team has grown by three. In September 2003 Peplin announced the appointment of the new Managing Director and CEO, Michael Aldridge to replace Garry Redlich and in December 2003 it announced the appointment of Phil Baker as CFO and Company Secretary replacing David Craig. Other new faces comprise three manager level appointees to oversee the patent portfolio, contract production and manufacturing operations and anti-cancer development programs.

Successful financing

In October 2003, following shareholder approval at the AGM, Peplin closed the second tranche of a two tranche institutional financing. In total Peplin issued 6,500,000 shares at \$0.88 per share raising \$5.72 million. The Board was very pleased by the level of institutional support it received in the financing and the quality of the institutions added to the register.

Financial results

Peplin's net loss before and after tax for the six months to 31 December 2003 was \$3,938,054 compared with a net loss of \$264,713 for the corresponding period last year.

Revenue for the six months to 31 December 2003 was \$2,199,427 comprising the above mentioned payments from Allergan, Government grants under the R&D Start program and interest earned on cash deposits. Total revenue was \$178,764 lower than for the corresponding period which included the US\$1 million initial up-front fee from Allergan.

Research & development expenses increased to \$5,303,343 in the six month period to 31 December 2003 from \$1,695,578 in the comparable period the previous year. This reflects the significant step up in investment made during this period and arises principally from:

- increased contracted R&D activities primarily relating to PEP005 pre-clinical toxicology, topical PEP005 product formulation development and manufacturing process development and optimization (some of which was funded by Allergan). Most of this contract work was completed by 31 December 2003; and
- a decision by the Board to fully amortise the acquisition costs of the EPUFA portfolio of potential therapeutic products.

General and administrative expenses continue to be contained, with expenses falling by \$110,669 to \$833,411 in the six month period to 31 December 2003 as compared with the corresponding period (which included some one off costs associated with closing the Allergan agreement).

Peplin's cash balance at 31 December 2003 was \$9,144,229 with current liabilities of \$2,232,758.

Future Obligations

Peplin now has reduced ongoing obligations under its collaboration with Allergan to undertake certain pre-clinical activities in support of a new drug application (NDA) filing with the FDA. Importantly, its research and development activities directly relating to its topical therapy for AK and NMSC are outsourced and will decline significantly going forward with a commensurate reduction in cash outflows. At the same time, Peplin has now received its initial quarterly instalment of the development payment for 2004 from Allergan and will receive further instalments during 2004, subject to Peplin continuing to comply with its obligations under the agreement. These factors, coupled with cash-on-hand, mean that Peplin is positioned to meet future obligations, to develop PEP005 and related compounds for other cancer types and to advance the recently acquired EPUFA product portfolio.

ABOUT PEPLIN BIOTECH

Peplin Biotech Ltd is a biotechnology company based in Brisbane, Australia, focused on discovering and developing prescription human therapeutic products for the treatment of cancer. Its strategy is to leverage its pipeline of novel proprietary products through collaborative development arrangements with international pharmaceutical companies. Peplin's lead product is a potential topical therapy for actinic keratosis and non-melanoma skin cancer. This product is the subject of a joint development and licence agreement with Allergan, Inc. of Irvine California.

Peplin's earlier stage pipeline is targeted at other forms of cancer using topical, intralesional and systemic routes of administration. Its new portfolio of EPUFA compounds opens additional potential opportunities in cancer and adds candidates for cardiovascular disease, pain, inflammation and diabetic complications.

Further information:

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