

ASX AND MEDIA RELEASE

First half financial results

- Positive clinical trial results drive strong investor support
- Strong cash balance to fund next phase of clinical program
- Skin cancer program on track to report further results in 2006

BRISBANE, Australia, 7 February 2006: Peplin Limited (ASX:PEP) today announced financial results for the six months to 31 December 2005. As at the half year end Peplin reported a cash balance of \$18.4 million confirming its strong position to fund a planned phase IIb clinical trial of PEP005 Topical for actinic keratosis.

Peplin's net loss before and after tax for the six months was \$5.9 million compared to \$4.1 million for the corresponding period last year. Operating cash outflow, primarily representing investment in the clinical development of PEP005 Topical, was \$5.1 million compared to \$3.9 million for the corresponding period.

Peplin Managing Director & CEO Michael Aldridge said he was very pleased with the company's major achievements and financial performance during the half year, particularly the results of the phase IIa clinical trial of PEP005 Topical for actinic keratosis and the company's financial position.

"The November 2005 results of this trial exceeded our expectations. We clearly showed that a short course of treatment with PEP005 Topical can clear AK lesions safely and effectively," he said.

"We were pleased to secure investor support for this achievement and completed capital raisings of \$15 million during the half. With \$18 million in the bank, we are well funded to complete a more advanced clinical trial for PEP005 Topical in actinic keratosis," he said.

Mr Aldridge said that Peplin had been running four clinical trials of PEP005 Topical for actinic keratosis and skin cancer during 2005.

"We have conducted these significant clinical development activities with very modest expenditure. We were very pleased with the results of the first of these trials; we expect to announce the results of the other trials in each of the first three quarters of 2006," he added.

Research and development expenditure was \$4.9 million compared to \$6.1 million for the corresponding period last year. Major R&D expenditures comprised:

- the conduct of four phase IIa clinical trials for PEP005 Topical in actinic keratosis and basal cell carcinoma; and
- preclinical toxicology studies of PEP005 IV for leukemia.

General and administrative expenses were largely constant at \$1.2 million in the six month period to 31 December 2005 versus \$1.1 million in the comparable period of the previous year.

Other important activities during the half year included:

- Commencement of construction of a new commercial scale manufacturing facility for the production of GMP (Good Manufacturing Practice) grade PEP005. The new facility consolidates under a single roof the production of PEP005 which had previously been done in two separate facilities and incorporates selected process improvements to optimise productivity. This is an important component in planning for the final stage of product development and market launch.
- Completion of enrolment in the sBCC phase IIa clinical trial. In December 2005 Peplin announced that enrolment of patients had been completed into the phase IIa trial of patients with basal cell carcinoma, the most common form of skin cancer. This study is being conducted at multiple sites in Australia to evaluate the ability of PEP005 Topical to safely clear superficial basal cell carcinoma, a non-melanoma skin cancer, following just two applications of PEP005 Topical gel. Peplin expects to report the results of this study in April 2006.
- Identification of an emerging multi-billion dollar market opportunity. At the 2005 annual general meeting held in October Peplin outlined the key drivers of growth in the market for topical treatments for actinic keratosis and non-melanoma skin cancer. Peplin is a leading participant in the development of new and more attractive products for this market. Peplin's products in development address the most attractive segments of what is expected to grow into a A\$4 billion market opportunity. Full details of this analysis were presented at the AGM and in the September 2005 quarterly report to shareholders, PEPTalk. Copies can be found at www.peplin.com.

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ABOUT PEPLIN

Peplin is focused on the development and commercialisation of prescription human therapeutic products for the treatment of cancer. Its lead compound is PEP005, the first in a new class of investigational agents. Peplin's lead product is PEP005 Topical, which is being studied in clinical trials for the treatment of actinic keratosis (AK) (a pre-cancerous lesion) and non-melanoma skin cancer (NMSC). PEP005 Topical works by a powerful mode of action, directly killing most cancer cells and then recruiting and activating the local immune system to clean-up these dead cancer cells and kill any remaining cancer cells. PEP005 Topical is potentially a rapidly acting and cosmetically attractive non-surgical topical treatment for AK and NMSC. Peplin's product development activities are supported by the Australian Federal Government under its Pharmaceuticals Partnerships Program.

Peplin's earlier stage pipeline is targeted at leukemia (a blood borne cancer) using its lead compound PEP005 in an intravenous formulation (PEP005 IV) and bladder cancer using an intra-cavitary or intravesical formulation (PEP005 IC). PEP005 has demonstrated selective and potent anti-leukemia activity in pre-clinical disease models. PEP005 induces apoptosis in leukemia cells via the activation of PKC delta. Peplin holds global proprietary rights for PEP005 Topical and other oncology applications of PEP005. Its research portfolio of EPUFA compounds opens additional potential opportunities in cancer and pain.