

ASX AND MEDIA RELEASE

Peplin first half results

BRISBANE, Australia, 8 February 2005: Peplin Limited (ASX:PEP) today announced its financial results for the six months to 31 December 2004 and confirmed it was well capitalised to fund its phase II skin cancer trials in Australia during 2005.

Peplin's net loss before and after tax was \$4.1 million compared with a net loss of \$3.9 million for the corresponding period last year. Peplin's cash balance at 31 December 2004 was \$13.0 million (June 2004: \$7.6 million).

Peplin Managing Director & CEO Michael Aldridge said the company was very pleased with the milestones achieved during the half year, particularly the results from its phase I skin cancer trial for PEP005 Topical.

"The positive phase I trial results fundamentally validate our decision late last year to reacquire the product rights and to take forward the clinical trial program on our own."

"With \$13 million in the bank at the end of the half year we are well funded to complete the three phase II skin cancer clinical trials planned for 2005 in Australia."

Compared with the corresponding period of the previous year, revenue was up \$0.9 million to \$3.1 million during the first six months and includes US\$1.3 million upon termination of the collaboration and license agreement with Allergan, Inc. Research and development expenses rose \$0.9 million in line with increased product development activities to \$6.2 million. Major R&D expenditures comprise:

- the analysis and reporting of PEP005 Topical phase I data and preparations for phase II trials;
- pre-clinical toxicology and pharmacology work on PEP005 IC (for bladder cancer) and PEP005 IV (for leukaemia) to bring each of these products near to the final stage of pre-clinical development;
- product formulation and manufacturing process development and optimisation for the PEP005 Topical product; and
- production of PEP005 active pharmaceutical ingredient ahead of the 2005 phase II clinical program.

General and administrative expenses increased by \$0.2 million to \$1.0 million primarily due to increased staff numbers and associated costs.

In their report for the half year (a copy can be downloaded from Peplin's website at www.peplin.com), Directors noted that significant progress has been made by Peplin including:

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- taking control in early October 2004 of PEP005 Topical's global development and commercialisation to ensure the product's scheduled progression to phase II clinical trials during 2005 and the earliest possible commercialization;
- the successful completion in late October of the US-based phase I clinical trial of PEP005 Topical gel on actinic keratosis, ahead of schedule;
- reporting in early January that this trial demonstrated that a single application of PEP005 Topical gel had a favourable safety profile with local skin responses all mild and as expected but that the trial also demonstrated positive indications of PEP005 Topical's ability to clear lesions with 40% of treated lesions either completely cleared or almost cleared compared with 15% of lesions treated with vehicle gel;
- completing in December a fully underwritten renounceable pro rata issue to shareholders to raise net proceeds of \$9.5 million primarily to fund phase II clinical studies of PEP005 Topical in Australia during 2005;
- advancing Peplin's two product candidates for the treatment of superficial bladder cancer and leukaemia to late stage pre-clinical development in preparation for filing investigational new drug (IND) applications with the FDA; and
- adopting a new corporate identity to more closely align the company's corporate profile with its mission.

Directors also reported on future developments for the company noting that plans have been made to conduct three phase II clinical trials of PEP005 Topical for AK and BCC in Australia during 2005 and that with cash-on-hand of \$13 million these trials are fully funded.

In addition, Peplin has initiated discussions with potential pharmaceutical partners which will continue in parallel with the ongoing Peplin-sponsored clinical trials. To capitalise on the success of clinical trials to date, the company's priority is the ongoing development of PEP005 Topical which means keeping the program on schedule and ensuring the most attractive collaboration is secured with the most capable partner.

ABOUT PEPLIN

Peplin is focused on the discovery, development and commercialisation of prescription human therapeutic products for the treatment of cancer and other diseases with limited treatment options.

Peplin's lead product is a clinical stage potential topical therapy (PEP005 Topical) for actinic keratosis and non-melanoma skin cancer. Peplin holds global rights for PEP005 Topical and all rights worldwide to other oncology applications of PEP005. Peplin's lead product is supported by the Australian Federal Government under its R&D Start program.

Peplin's earlier stage pipeline is targeted at bladder cancer using PEP005 in an intra-cavitary or intravesical formulation (PEP005 IC) and leukaemia (a blood borne cancer) using an intravenous formulation (PEP005 IV). Its portfolio of EPUFA compounds opens additional potential opportunities in cancer and adds candidates for cardiovascular disease, pain, inflammation and diabetic complications.

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