PEPTECH
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ASX/MEDIA RELEASE

Peptech announces net profit of $29.5 million

Australian biotechnology company, Peptech Limited has released its results for the half year ended 31 March 2004 with total revenues for the period of $45.5 million, compared to $2.9 million in the previous corresponding period.

The result for the half-year was profit after income tax of $29.5 million. This reflects the one-off payment arising from the settlement of the Abbott dispute plus the first annual payment from the new licence agreement. In the previous corresponding half-year, the operating loss was $5.7 million.

Executive Chairman Mel Bridges said the resolution with Abbott ensured that Peptech would be able to deliver on the promises made at the recent AGM.

“With the recent announcement that Peptech would merge with Agenix, the company has made its first step towards achieving the goal of becoming a top 5 Australian Biotech company with a market cap over $1 billion”, he said. “Furthermore, we will be able to fully exploit our current projects in the anti-TNF area (anti-inflammatory therapeutics) and with Biosceptre in the area of broad spectrum cancer therapies, imaging and diagnostics. Both projects are linked to our investment in Domantis, who themselves participated in a successful capital raising of $42 million in February”.

Mr Bridges also stated that the company was still confident that Peptech would resolve the licence agreement dispute with Centocor in its favour, with current estimates that the matter would be resolved in the last quarter of this calendar year.

In November 2003 Peptech paid $3.5 million to Biosceptre to acquire intellectual property in cancer diagnostics and therapeutics. Simultaneously Biosceptre subscribed for $3.5 million of Peptech shares. The investment in exclusively acquiring access to Biosceptre’s technology is in line with the company’s strategy of expanding its product pipeline.

Domantis research and development expense has increased from $3.5 million in the previous corresponding half-year to $5.2 million in the current period. The increase is due to the amortisation profile adopted to expense the research payments and at 31 March 2004 only $0.1 million of payments remained to be amortised.

Legal and professional fees increased from $1.2 million in the previous corresponding half-year to $2.0 million in the current period reflecting amounts spent on licensing disputes.

Other expenses from ordinary activities increased from $0.8 million in the previous corresponding half-year to $1.4 million in the current period reflecting costs associated with withdrawing from contract manufacturing arrangements for Ovuplant® in the USA ($0.5million)

During the current period, Peptech Limited adopted tax effect accounting and after taking into account tax losses not previously brought to account, resulted in a tax expense in the period of $4.5 million.

Following the recent proposed merger with Agenix, Peptech Animal Health is now looking to partner with Agenix to begin Australian and New Zealand sales of its companion animal contraceptive, Suprelorin®. These markets will give the first real guidance as to potential global sales.

Discussions with global pharmaceutical companies regarding the commercialisation and ongoing development of Suprelorin® have been protracted but are still in progress.

At 31 March 2004, the company had cash resources of $39.9 million resulting from the settlement dispute and after paying $7.6 million to Domantis as part of the Domantis capital raising in February 2004. Peptech has also committed to invest another $7.6 million in Domantis in February 2005.

The full year net profit outlook remains in the range $25 - $28 million, unchanged from the outlook given at the AGM in February 2004.

Mr Bridges said he was delighted with the result and that Peptech was on a firm financial footing enabling growth opportunities to be progressed.

Further information:

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