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ASX/Media Announcement

Peptech and Domantis formalise new cancer collaboration

Australian biotechnology company Peptech Limited (ASX: PTD) and UK-based Domantis Limited today announced the two companies had formalised an agreement for Domantis to generate a domain antibody (dAb) for Biosceptre International Limited's cancer target to enable development of diagnostic and therapeutic products to fight cancer.

Peptech Executive Chairman, Mr Mel Bridges said the agreement was Peptech's second dAb development program undertaken with Domantis and was additional to the existing joint research agreement.

"Our scientific and corporate strategy is to develop sophisticated protein diagnostic and therapeutic agents. We are broadening our therapeutic targets beyond anti-inflammatories, such as tumour necrosis factor (TNF), to include oncology (cancer) targets," Mr Bridges said.

"There is a significant unmet medical need for cancer imaging and therapy. We see an exciting potential for dAb-based approaches against this target to serve those needs," he said.

"We are delighted with the quality and performance of the first dAb against TNF which was successfully transferred from Domantis to Peptech earlier this year.

"We are now looking forward to achieving a similar success on the Biosceptre cancer target," he said.

Mr Bridges said the agreement anticipated three phases of development:

1. Domantis (of which Peptech has a 36.1 per cent interest) will be responsible for the generation of a lead dAb against the Biosceptre cancer target. The initial research program to identify and optimise the dAb should take up to eighteen months.
2. Upon completion the dAb will be transferred to Peptech for preclinical development and initial clinical trials.
3. The Peptech/Biosceptre joint venture will be responsible for its subsequent commercialisation.

In forming a 50/50 joint venture in November 2003, Peptech and Biosceptre identified two diagnostic and two therapeutic products to develop; using a new specific cancer marker identified and patented by Biosceptre. It is possible the dAb developed by Domantis will be suitable for both of these applications.

Biosceptre's marker target is present in a wide variety of cancer types. It has been detected in all epithelial cancer types tested, including ovarian, bowel, prostate, liver, uterine, mesothelioma (asbestos related), cervical, breast, skin, stomach and lung. The marker target has wide application covering the early diagnosis and subsequent treatment of cancer.

Domantis Chief Executive Officer Mr Bob Connelly said, "Domain antibodies have a number of significant advantages over whole antibodies in their speed of development and cost to manufacture."

Mr Bridges said Domantis continued to impress the drug development industry with its dAb technology and had clearly demonstrated the versatility of dAb's as potential therapeutic treatments for a wide range of medical conditions.

"This collaboration is just the latest in a series of deals Domantis has made with companies which include some of the major players in the global biotechnology industry such as Abbott Laboratories and ImClone Systems and which highlights the strong external belief in Domantis' technology," Mr Bridges said.

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ABOUT PEPTECH

Peptech Limited focuses on the research and development of peptides and proteins in the areas of human pharmaceuticals and animal health. It has a growing product pipeline in its human health division with two potentially valuable anti-inflammatory drugs and exciting developments in its cancer program emanating from its joint venture with Biosceptre. Peptech holds 50% equity in its joint venture with Biosceptre and holds a 36.1 per cent shareholding in Domantis, a UK-based drug development company. Peptech is positioned to become a globally recognised leader in biopharmaceutical development.

ABOUT DOMANTIS

Domantis is a drug discovery company that is leveraging its proprietary dominance in human dAbs to deliver therapies, which address large, unmet medical needs including inflammation (e.g. asthma, Crohn's Disease) cancer (e.g. haematological and solid tumours) and autoimmune diseases (e.g. rheumatoid arthritis). In less than three years it has initiated more than a dozen proprietary therapeutic programs, several of which should enter clinical trials in 2006.

Therapeutic antibodies are a major commercial opportunity. Seventeen monoclonal antibodies have been approved for use to date and these are expected to generate sales exceeding \$9 billion by 2006. Fully human dAbs, the smallest binding domains of a full antibody, combine the therapeutic benefits of small molecule drugs (formulation and delivery versatility, wide therapeutic target range, low cost) with those of full human antibodies (enormous diversity, high specificity, lower toxicity). Thus they have very broad therapeutic relevance.

The growing antibody market and the commercial potential of dAbs makes Domantis an attractive partner for the pharmaceutical industry and it has already struck deals with Peptech, Abbott Laboratories, ImClone, Tanox, and Argenta Discovery whilst also attracting funding from the European Union for several therapeutic collaborations. A series of dAb therapies derived from these collaborations should begin to enter the clinic in 2006.

ABOUT BIOSCEPTRE

Biosceptre International Limited is an unlisted public biotechnology company which has discovered, and is commercialising, a range of intellectual property primarily focused on the diagnosis and treatment of cancer. The joint venture with Peptech Limited was formed to develop some of this intellectual property.

ABOUT CANCER

What is Cancer?

Cancer is a broad term that covers a large number of related diseases. These diseases are characterised by changes in normal cell growth and death resulting in uncontrolled cell growth and spread that may affect almost any tissue of the body. Cancerous cells can damage nearby healthy cells and can spread (metastasise) to other parts of the body.

According to the World Health Organisation (WHO) lung, colorectal and stomach cancer are among the five most common cancers in the world for both men and women. Among men, lung and prostate cancer are the most common cancers worldwide. For women, the most common cancers are breast, lung, colon and uterine.

Burden of Cancer

WHO states that more than 11 million people are diagnosed with cancer every year. It is estimated that there will be 16 million new cases every year by 2020. Cancer causes 7 million deaths every year—or 12.5% of deaths worldwide.

In Australia cancer is a major burden on our community; 1 in 3 men and 1 in 4 women in Australia will be directly affected by cancer in the first 75 years of life. Cancer accounts for 29% of male deaths and 25% of female deaths in Australia each year.

Each year, about 345,000 Australians are diagnosed with cancer. Around 270,000 of these cancers are less threatening types of skin cancer – these are called non-melanocytic skin cancer. For other types of cancer, just under 80,000 people will be diagnosed and approximately 34,000 people will die.

According to the American Cancer society one of every four U.S. deaths is due to cancer; over 1.3 million new cancer cases will be diagnosed in 2005.

The National Institute of Health (USA) estimates the overall cost of cancer in 2004 at US\$189.8 billion: US\$69.4 billion for direct medical costs; US\$16.93 billion of indirect morbidity costs; and US\$103.5 billion for indirect mortality costs (cost of lost productivity due to premature death).

Many cancer deaths can be prevented and the number of new cases can be reduced with effective early screening and treatment

Traditional Cancer Therapies

Traditionally, the approach to treating cancers has been either surgery, chemotherapy, radiotherapy or a combination of these treatments.

Surgery; a surgeon operates to remove the cancerous growth. The success of this approach depends on many factors such as the size and location of the tumour.

Chemotherapy; the use of drugs that kill cancer cells throughout the body. Healthy cells can also be harmed, especially those that divide quickly. The doctor may use one drug or a combination of drugs. The side effects of chemotherapy depend mainly on the drug(s) and the dose(s) the patient receives.

Radiotherapy; uses high-energy rays to kill cancer cells in a targeted area. Radiation can be given externally by a machine that aims radiation at the tumour area. It can also be given internally; needles, seeds, wires, or catheters containing a radioactive substance are placed directly in or near the tumour.

Today other options are becoming increasingly available to patients including Hormone therapy and Biological therapy.

Hormone Therapy; this treatment type is relevant for treating cancers that depend on hormones for their growth eg breast cancer or prostate cancer. Many side effects can occur such as fluid retention, hot flushes, bone loss in premenopausal women or nausea.

Biological therapy; uses the body's immune system, directly or indirectly, to fight disease and to lessen some of the side effects of cancer treatment. Monoclonal antibodies, interferon, interleukin-2, and colony-stimulating factors are some types of biological therapy.