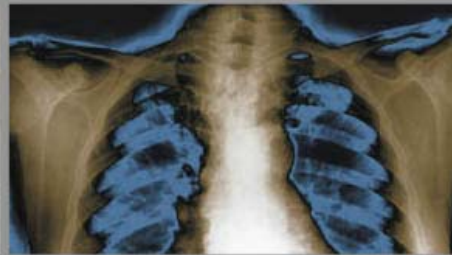


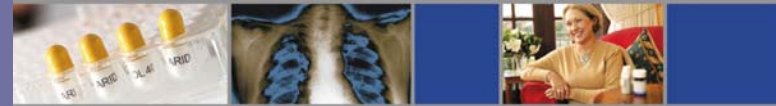


ABN 75 082 811 630



Committed to the research, development and commercialisation of human therapeutic products for chronic respiratory and autoimmune diseases

February 2004



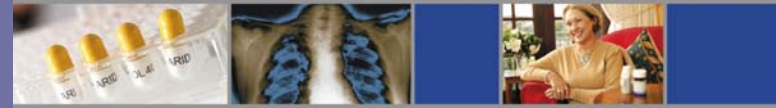
Overview

● Our Objective

- to build a valuable business, recognised internationally for its approach to therapeutic discovery, development and commercialisation in the fields of respiratory and autoimmune diseases

● Our Strategy

- attractive product opportunities
- engage in the complete product value chain
- focus on products
- focus on core therapeutic markets
- maintain and build a diversified product pipeline



Company History

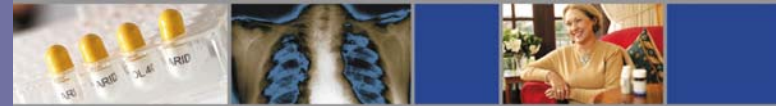
- 1999 GBS Venture Partners invests \$2M to develop autoimmune disease research (ANU)
- 2001 Licence from Royal Prince Alfred Hospital for treatment of respiratory disease
- 2002 Second round funding of \$9.6 – GBS Venture Partners, CM Capital, CIBC Australia, ANU and Mooroolbark Technology
- 2002 Consolidation of operations at Frenchs Forest
- 2003 \$3 million grant to develop cystic fibrosis treatment - secured R&D grants totalling \approx \$5 million
- 2003 \$25 million raised at IPO



TGA approved facilities

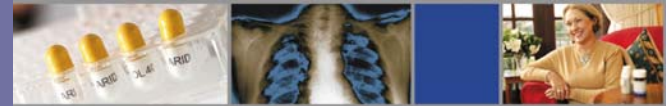
Frenchs Forest NSW



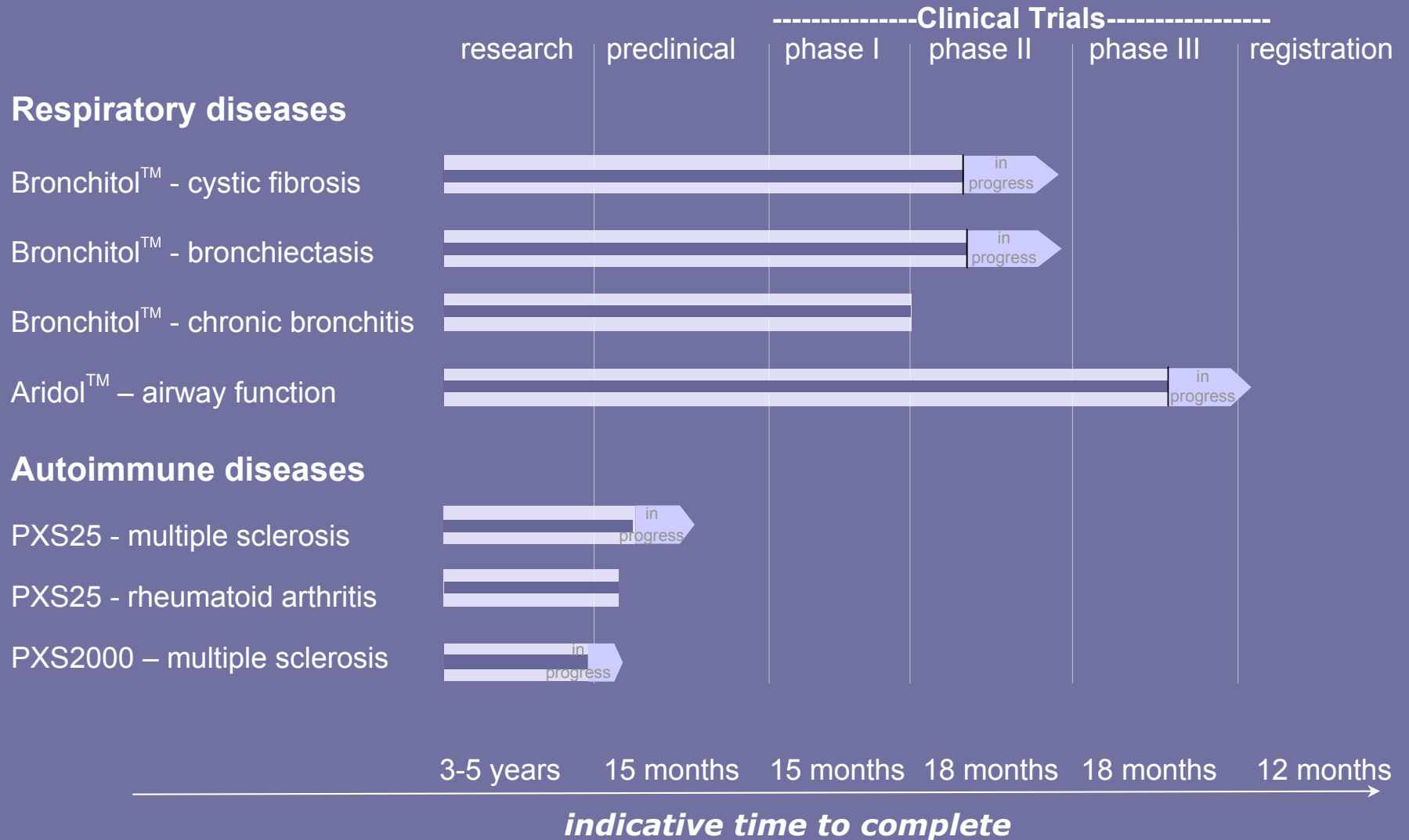


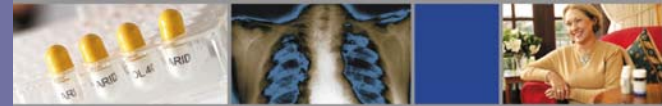
Products

Name	Category	Indication
● Aridol™	lung function test	asthma/COPD
● Bronchitol™	therapeutic	chronic bronchitis bronchiectasis cystic fibrosis
● PXS25	therapeutic	multiple sclerosis rheumatoid arthritis
● PXS2000	therapeutic	rheumatoid arthritis other



Diversified Product Portfolio





Clinical Trials in Progress

Aridol™ (Phase III)

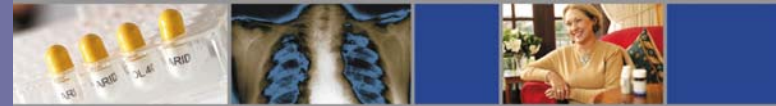
CTM manufacture	approvals	Nov 03	Jun 04	Q3 2004
		dosing/recruitment (600 patients)		Report
		125		

Bronchitol™ for cystic fibrosis (Phase IIa)

CTM manufacture	approvals	Nov 03	Jun 04	Q3 2004
		dosing/recruitment (60 patients)		Report
		1		

Bronchitol for bronchiectasis (Phase IIb)

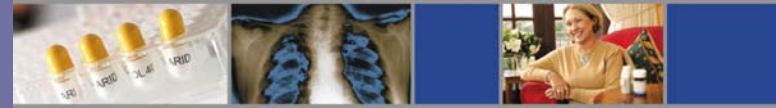
CTM manufacture	approvals	Sep 03	June 04	Q3 2004
		dosing/recruitment (60 patients)		Report
		19		



Bronchitol™ - bronchiectasis

● Phase IIb, pilot chronic study

- 4 sites
 - Start:
 - Finish:
 - Primary end point:
 - Secondary end point:
 - Outcome:
 - Status:
- 60 subjects
Oct 2003
June 2004
quality of life
lung function, sputum properties
proof of principle for long term efficacy of Bronchitol™
Interim analysis (19 subjects) completed



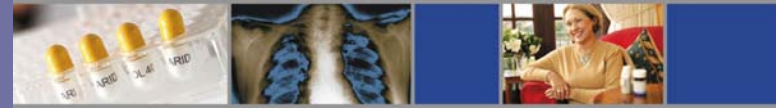
Trial Design

● Design

- Randomised
- Placebo controlled
- Blinded
- Crossover

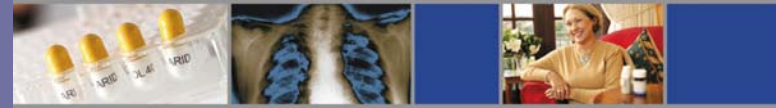
● Objective

- Effect of twice daily Bronchitol™ on disability (symptoms) and handicap (sleep quality, fatigue, and QOL)



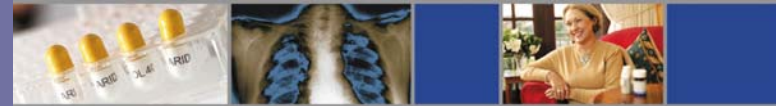
Positive Interim Results

- Quality of Life (St George Questionnaire)
 - Trend versus placebo
 - significant versus control
- Symptoms
 - Trend versus placebo
 - Trend versus control
- Activity (disturbances to patients physical activity)
 - Trend versus placebo
 - Trend versus control
- Impact (disturbances of psycho-social function)
 - Significant versus placebo
 - Highly significant versus control



Next Steps.....

- Complete remainder of study
- Complete preclinical safety program
- Prepare for Phase III study



Trial Participants

- “It has been some weeks since my part of the trial finished and to be honest I have not felt as well as when I was on the Bronchitol.”

Trial participant 1

- “Thank you for any help that you can give and I wish you well with the Bronchitol project as it has made such a difference to my health.”

Trial participant 2

- “This patient has been on the Phase II clinical trial of Bronchitol for bronchiectasis. This has revolutionised her life, she would benefit and would be greatly relieved of her daily symptoms if she could continue this treatment.”

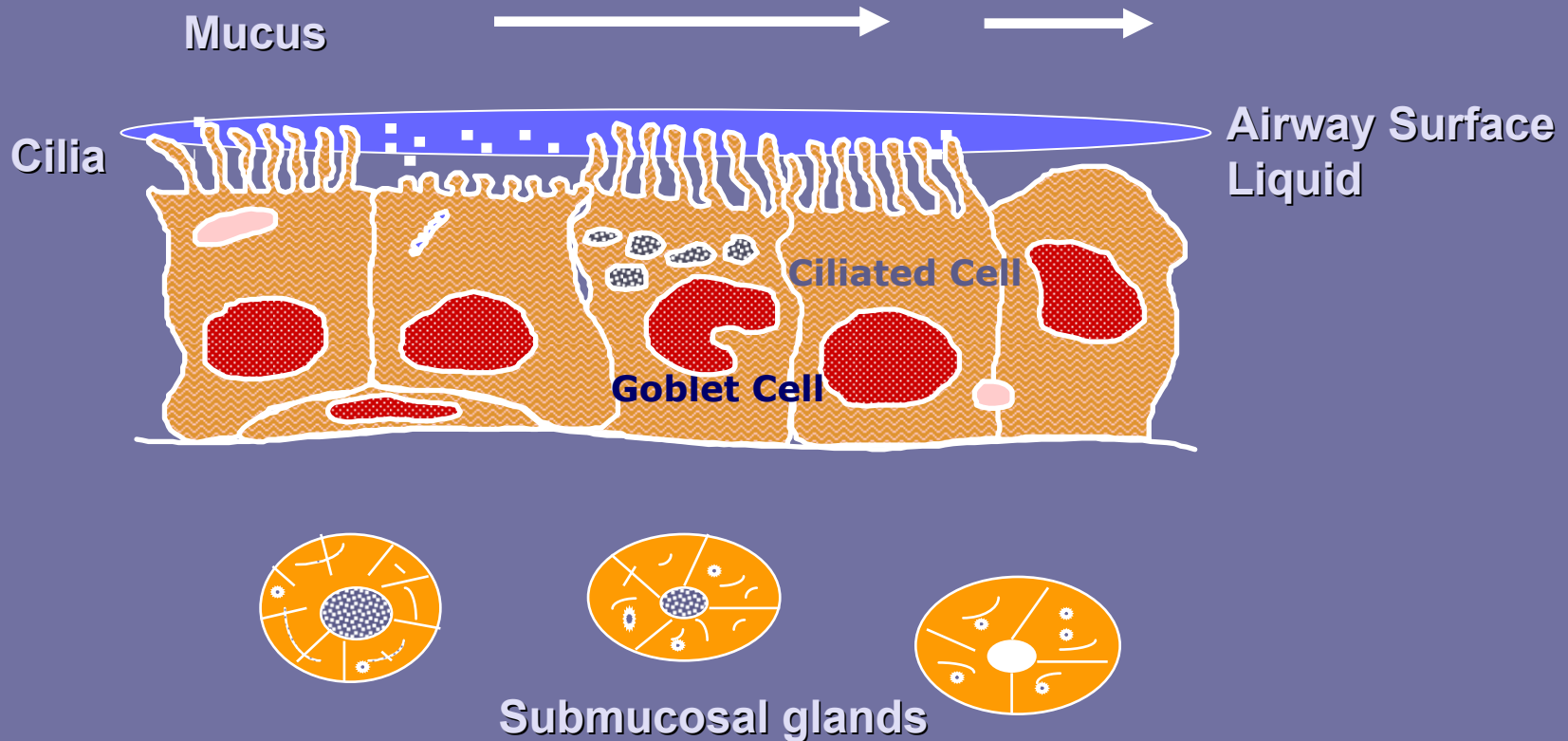
Physician



Respiratory diseases

(Chronic obstructive lung diseases)

Lung defence (normal)

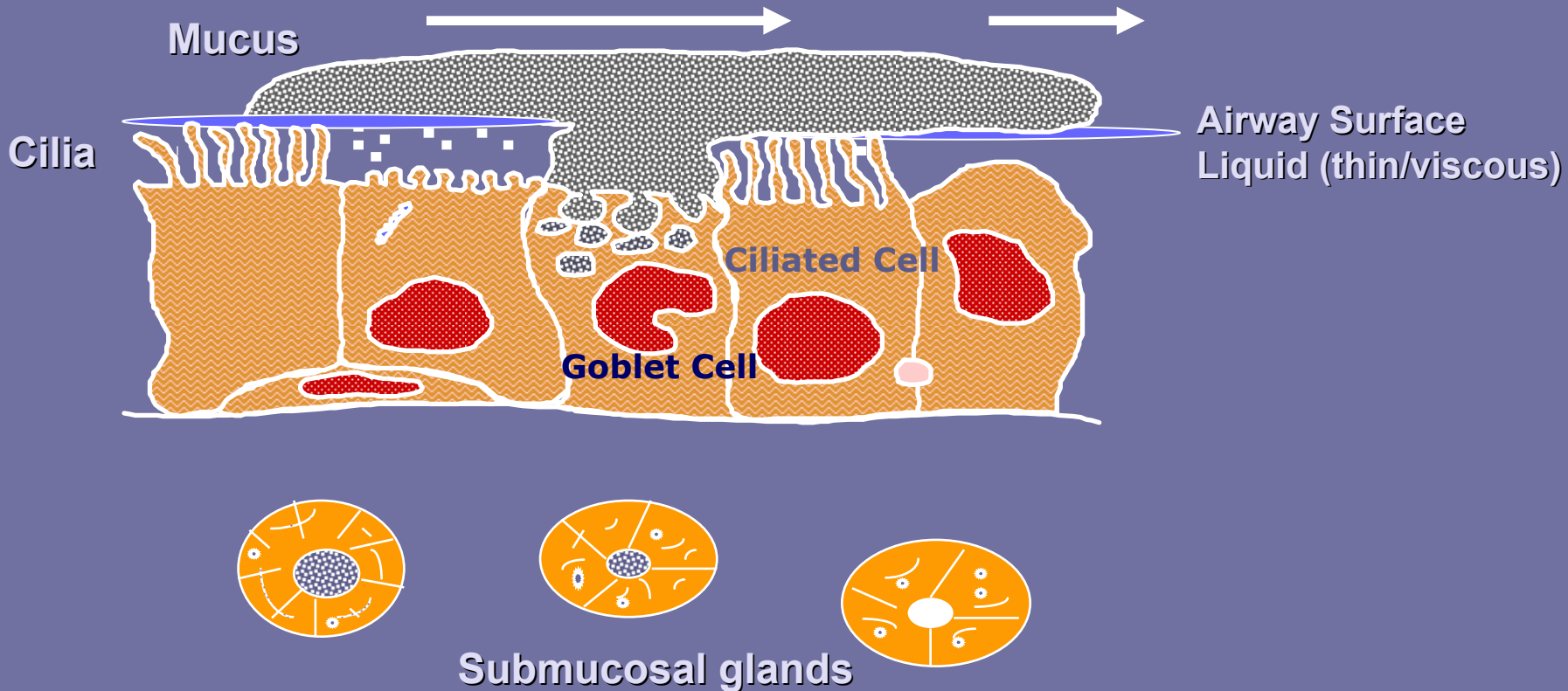




Respiratory diseases

(Chronic obstructive lung diseases)

Lung defence (compromised)

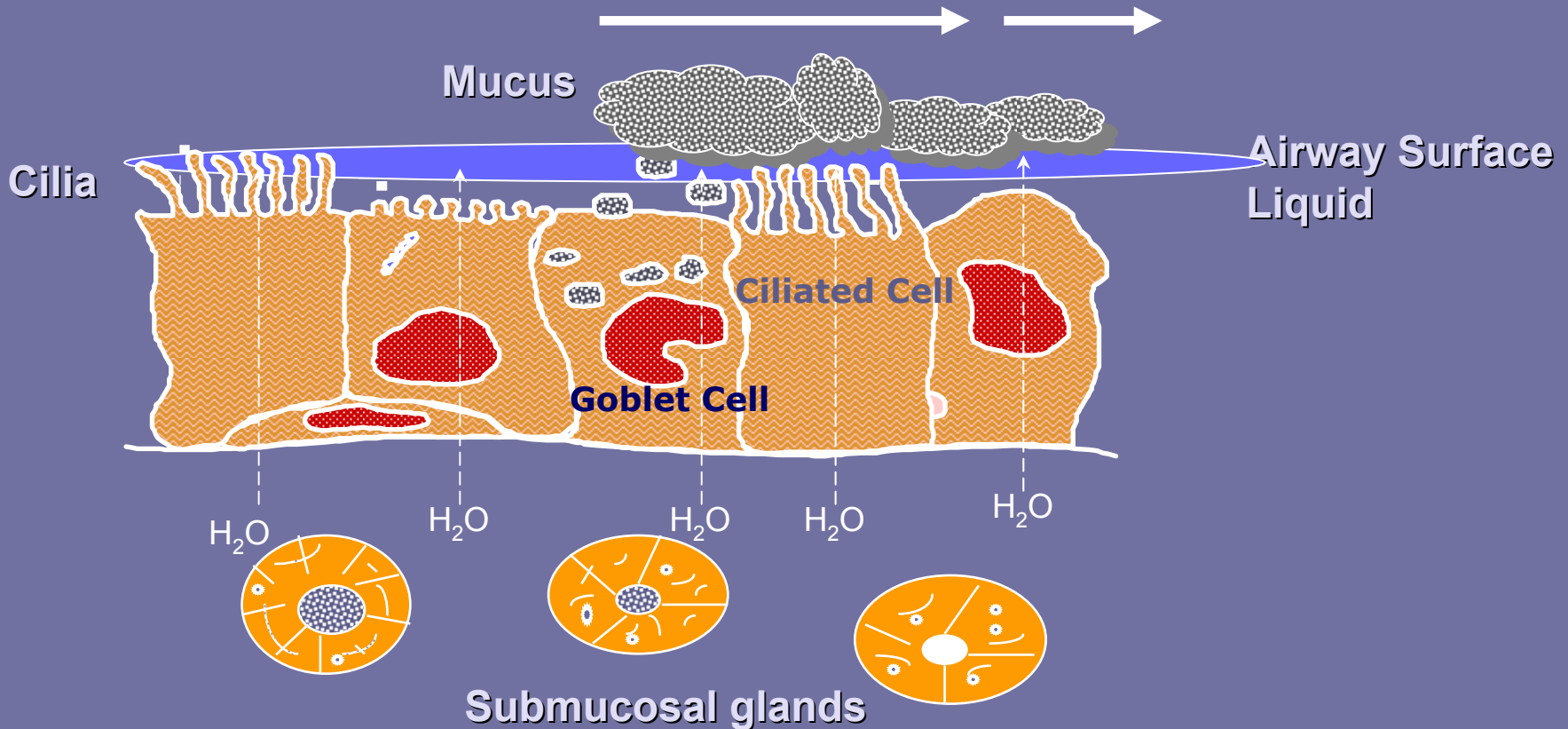




Respiratory diseases

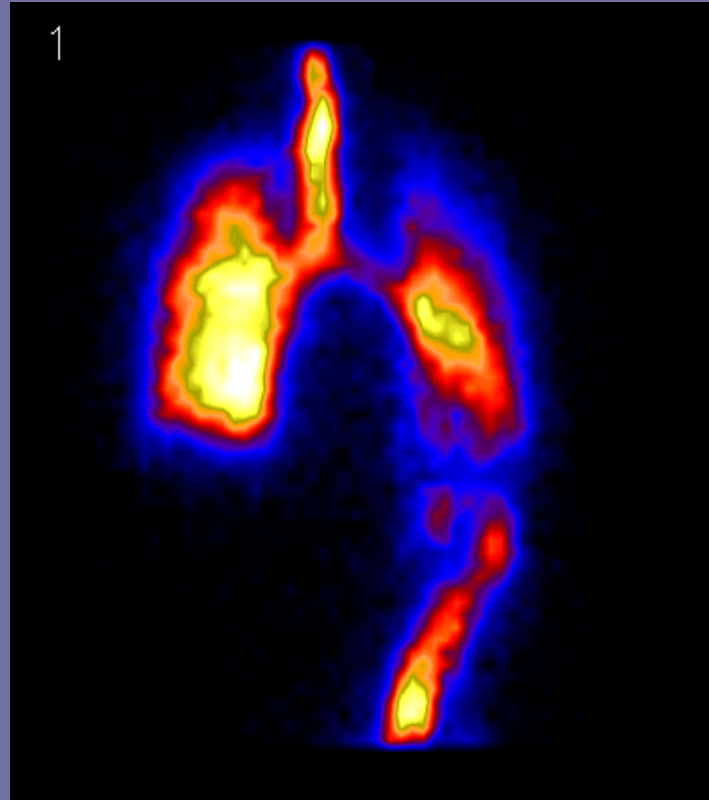
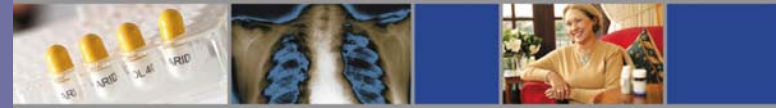
(Chronic obstructive lung diseases)

Lung defence (after Bronchitol)



Chronic bronchitis

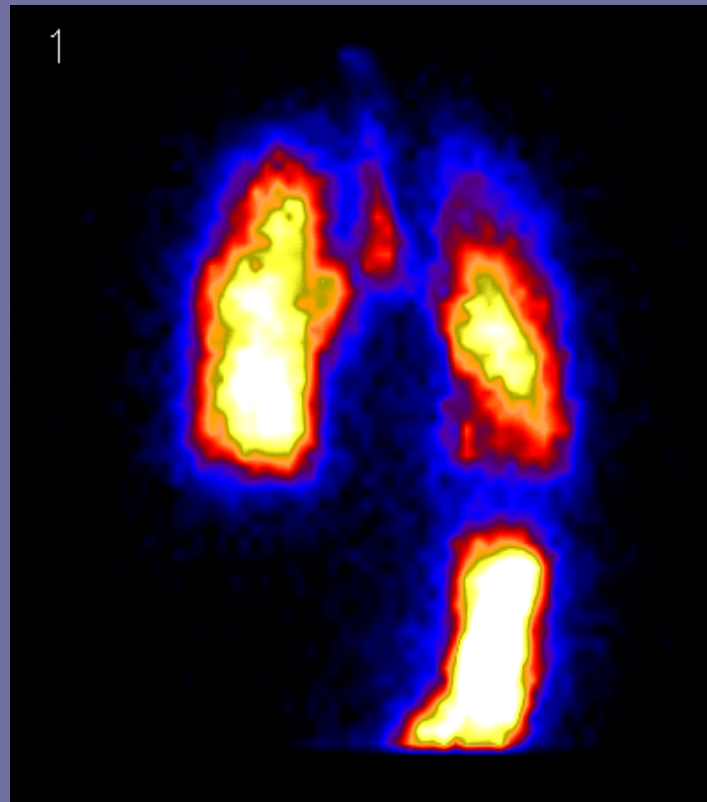
without Bronchitol™





Chronic bronchitis

with Bronchitol™ (400mg)





Bronchitol™

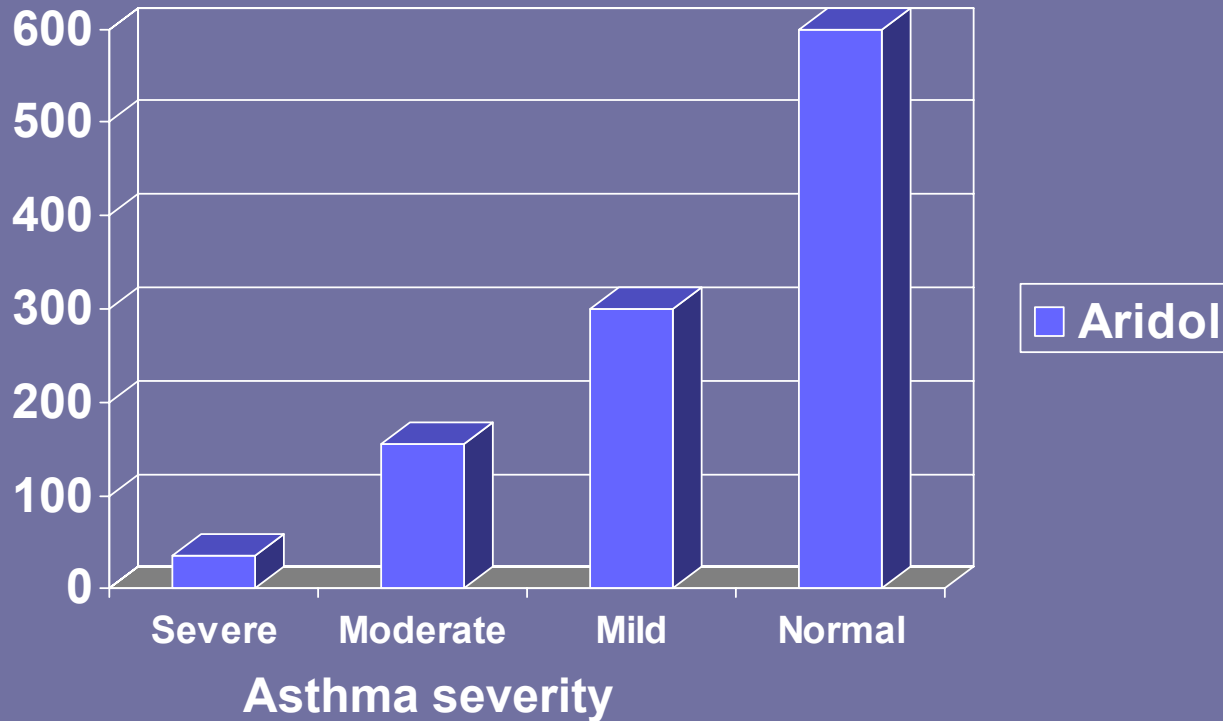
for Chronic Obstructive Lung Diseases





Aridol™

Dose required to cause 15% fall in lung function



Current



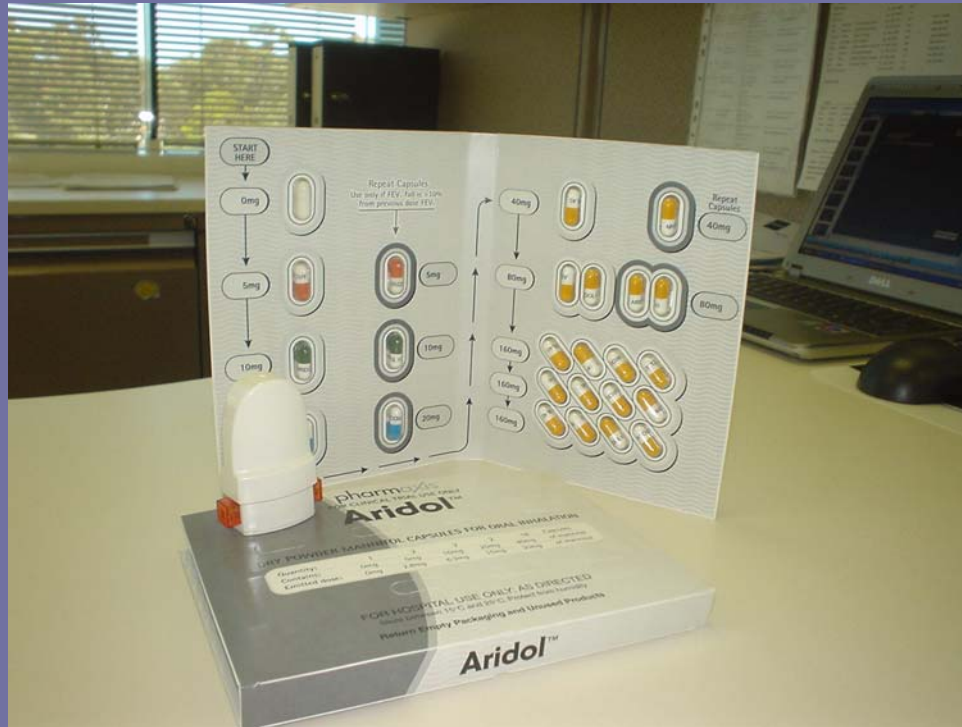
With Aridol monitoring

Steroid use



Aridol™

for asthma management





Respiratory disease markets

Product	Target Application	Patient Population ¹	Existing Market Size ¹ (A\$)
Bronchitol	Cystic Fibrosis	75,000	575m
Bronchitol	COPD - Bronchiectasis	580,000	Included in CB
Bronchitol	COPD - Chronic Bronchitis	30,000,000	3,840m
Aridol™	Lung function test	30,000,000 ²	Data not available ²

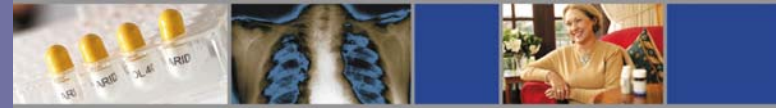
¹ Worldwide

² Estimate - there are currently no reliable figures available as to the potential patient size and existing market size for a lung function test [estimate of 106,000 tests in Australia for fiscal 2003 (cost to govt - \$10.5 million). Cost to PBS of ICS = \$210 million]



PXS25

- Treatment of autoimmune disease
 - multiple sclerosis
 - rheumatoid arthritis
- Selective inhibitor of T cell migration
- Effective in models of multiple sclerosis and rheumatoid arthritis
- Early preclinical safety testing



PXS2000

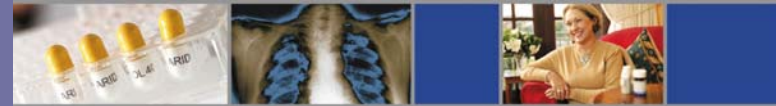
- Treatment of autoimmune disease
 - multiple sclerosis
 - rheumatoid arthritis
- Selective activator of peripheral cannabinoid receptors
- Effective in models of multiple sclerosis
- Late stage research



Autoimmune disease markets

Product	Target Application	Patient Population ¹	Existing Market Size ¹ (A\$)
PXS25	Multiple Sclerosis	1,100,000	3,533m
PXS2000	Multiple Sclerosis	1,100,000	3,533m
PXS25	Rheumatoid Arthritis	5,500,000	4,174m

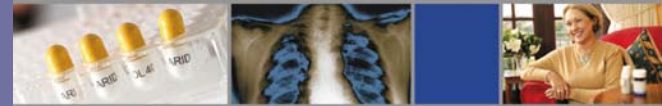
¹ Worldwide



Senior Management

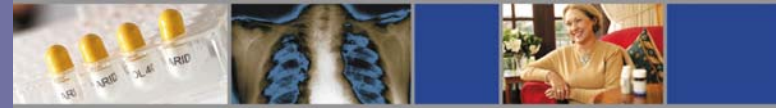
Internationally experienced and capable team with track record

- | | | |
|-----------------------------|------------------|-------------------------|
| ● Alan Robertson BSc, PhD | Chief Executive | Wellcome/Faulding/amrad |
| ● Brett Charlton MBBS, PhD | Medical Director | Baxter/Stanford/ANU |
| ● William Cowden BSc, PhD | Chief Scientist | Progen/Peptech/ANU |
| ● David McGarvey BA, CA | Finance | PWC/Memtec/US Filter |
| ● John Crapper BAS, MBA | Operations | Syntex/Memtec/US Filter |
| ● Gary Phillips BPharm, MBA | Commercial | Novartis |
| ● Staff 25 | | |



Financial Highlights

	Half Year Ended 31 December	
	2003	2002
	\$	\$
Financial Performance		
Revenue – other	975,219	344,562
Expenses		
Research and Development	(2,186,062)	(753,706)
Administration	(851,743)	(312,069)
Net loss before and after tax	(2,062,586)	(721,213)
	31 Dec 03	30 Jun 03
	\$	\$
Key Balance Sheet Items		
Cash and bank accepted commercial bills	27,726,394	7,383,923
Plant and equipment	1,479,577	1,515,016
Intangible assets	1,191,613	1,205,000
Total assets	31,188,195	10,494,556
Total liabilities	466,437	604,495
Total shareholders' equity	30,721,758	9,890,061



Summary

- Near term value enhancing corporate milestones
- Fully integrated business model
- Effective board & experienced management
- TGA approved facilities
- Products from leading Australian science
- Clinical validation for inhalation products
- Attractive markets
- Product focused