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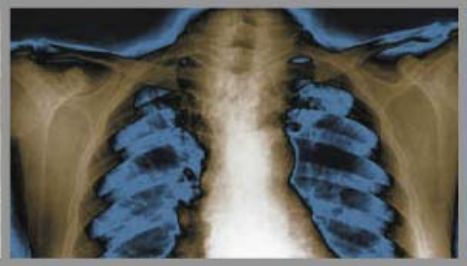
ABN 75 082 811 630




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

November 2003

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

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Management Team

- Alan Robertson BSc, PhD — Managing Director & CEO
- Brett Charlton MBBS, PhD — Medical Director
- William Cowden BSc, PhD — Chief Scientist
- David McGarvey BA, CA — Company Secretary & CFO
- John Crapper BAS, MBA — Chief Operations Officer
- Gary Phillips BPharm, MBA — Commercial Director

- Total staff 24: Frenchs Forest and Canberra

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Board & management

Strong collective skills & experience

- Charles Kiefel (non-executive Director)
- Carrie Hillyard (non-executive Director)
- Denis Hanley (Chairman)
- Alan Robertson (CEO and Director)
- Brigitte Smith (non-executive Director)
- Brett Charlton (CMO and Director)
- Malcolm McComas (non-executive Director)

- David McGarvey (Company secretary and CFO)

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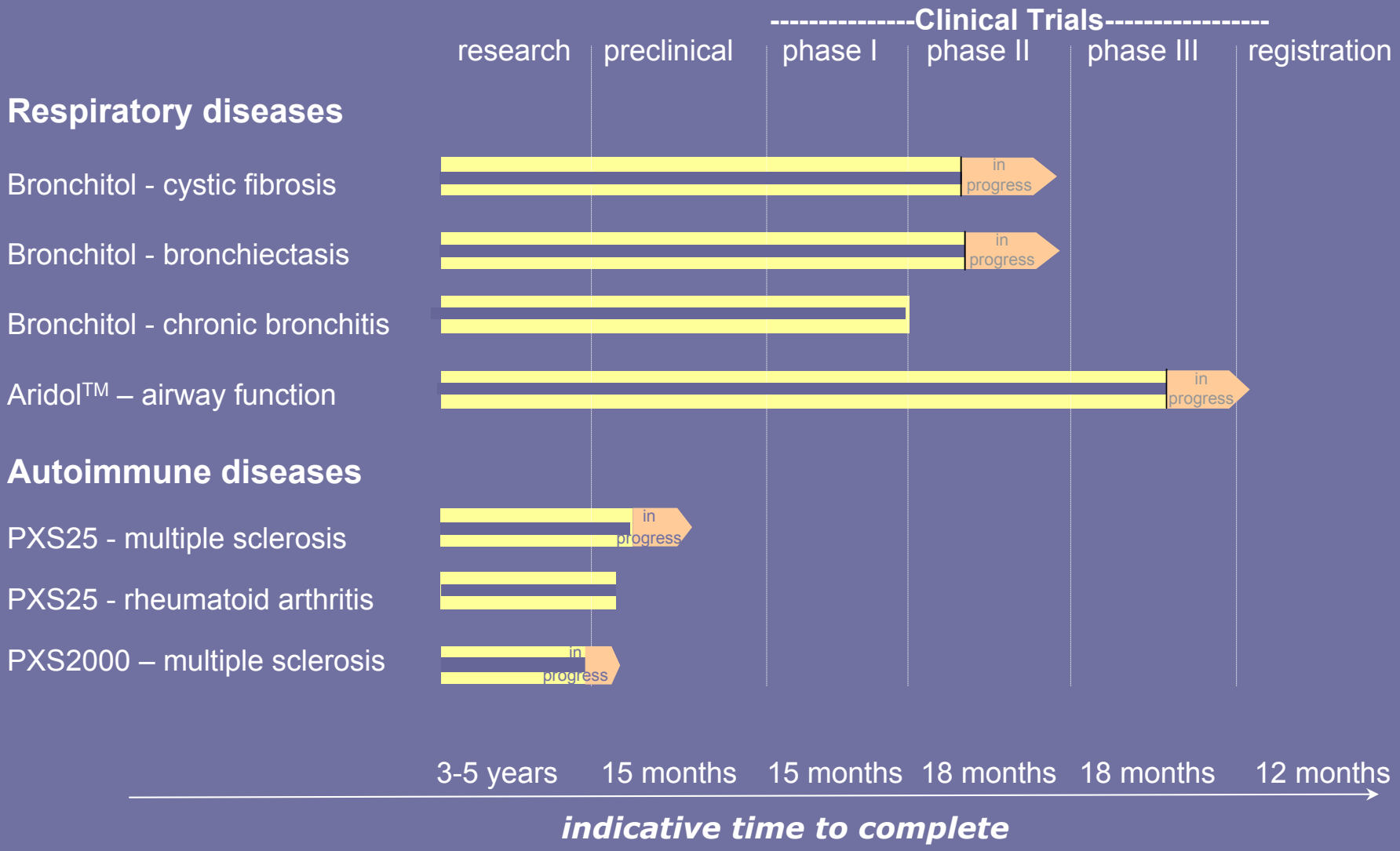
TGA approved facilities

Frenchs Forest NSW

Diversified Product Portfolio



Completed Clinical Trials

Product Trial	Aridol	Bronchitol	Bronchitol	Bronchitol
Target Disease	Asthma monitoring	Cystic Fibrosis	Bronchiectasis	Bronchiectasis
Nature of Study	Phase 3	Phase 2 - acute mucociliary clearance	Phase 2 - acute mucociliary clearance	Phase 2 - 12 day treatment Efficacy/safety
Participants	640	24	19	9
Participating Sites	more than 10	1	1	1
Location of Sites	Hospitals in Australia, UK, Norway, Finland, Switzerland, Canada	Australia	Australia	Australia
Endpoint	PD15, adverse events	Quantitated mucociliary clearance	Quantitated mucociliary clearance	QOL, FEV1
Outcome	Safety and efficacy of Aridol demonstrated	Efficacy demonstrated Ready for chronic Phase 2	Efficacy demonstrated Ready for chronic Phase 2	Significant improvement in QOL Ready for Larger Phase 2
Adverse events	None significant	None significant	None significant	None significant
Further studies required before:	Regulatory filings	Phase III	Phase III	Phase III

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Clinical Trials in Progress

Aridol (Phase III)

Mid 2004

CTM manufacture	approvals	Nov 03 dosing/recruitment (600 patients) Apr 04	Report

Bronchitol cystic fibrosis (Phase II)

Mid 2004

CTM manufacture	approvals	Nov 03 dosing/recruitment (60 patients) Apr 04	Report

Bronchitol bronchiectasis (Phase II)

Mid 2004

CTM manufacture	approvals	Sep 03 dosing/recruitment (60 patients) Apr 04	Report

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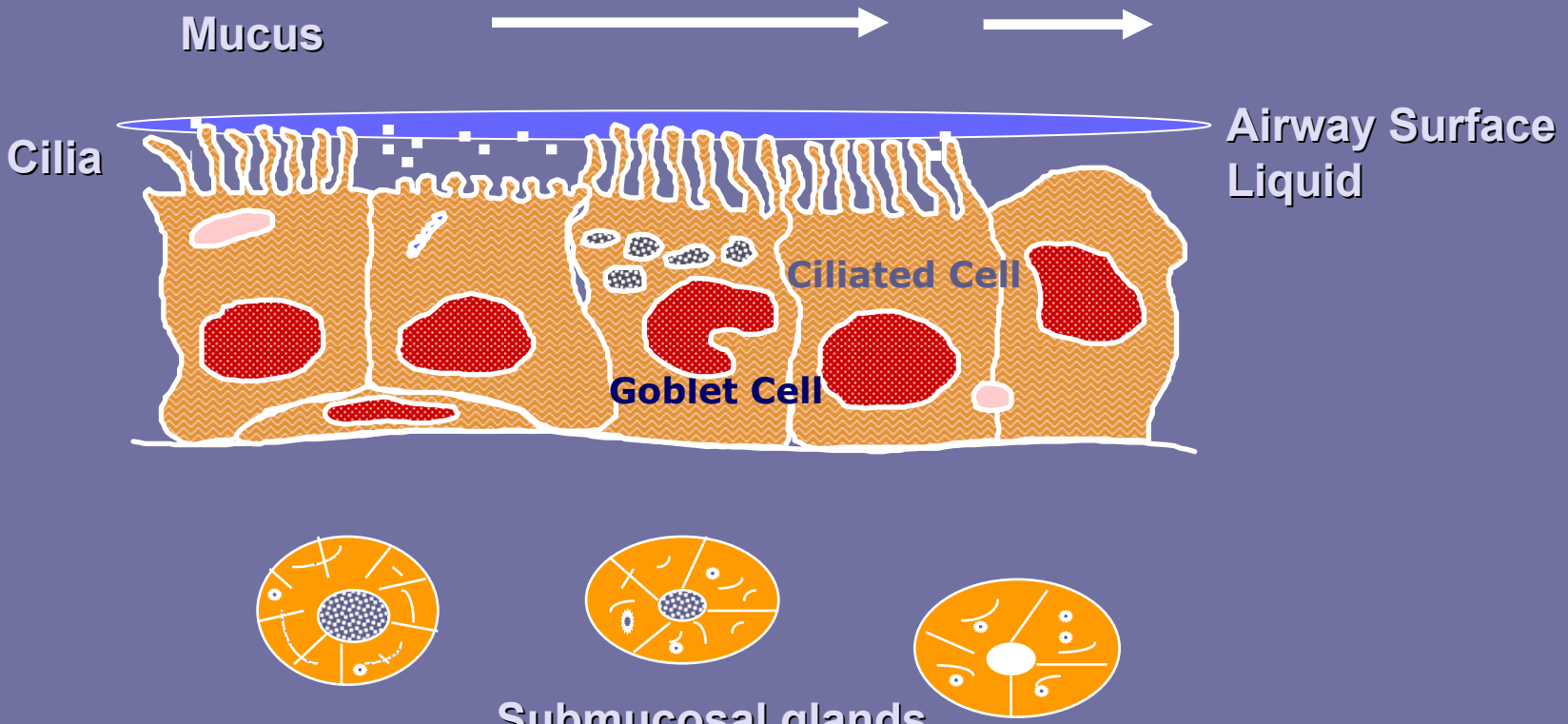
Respiratory diseases
(Chronic obstructive lung diseases)

Mucociliary system (normal)



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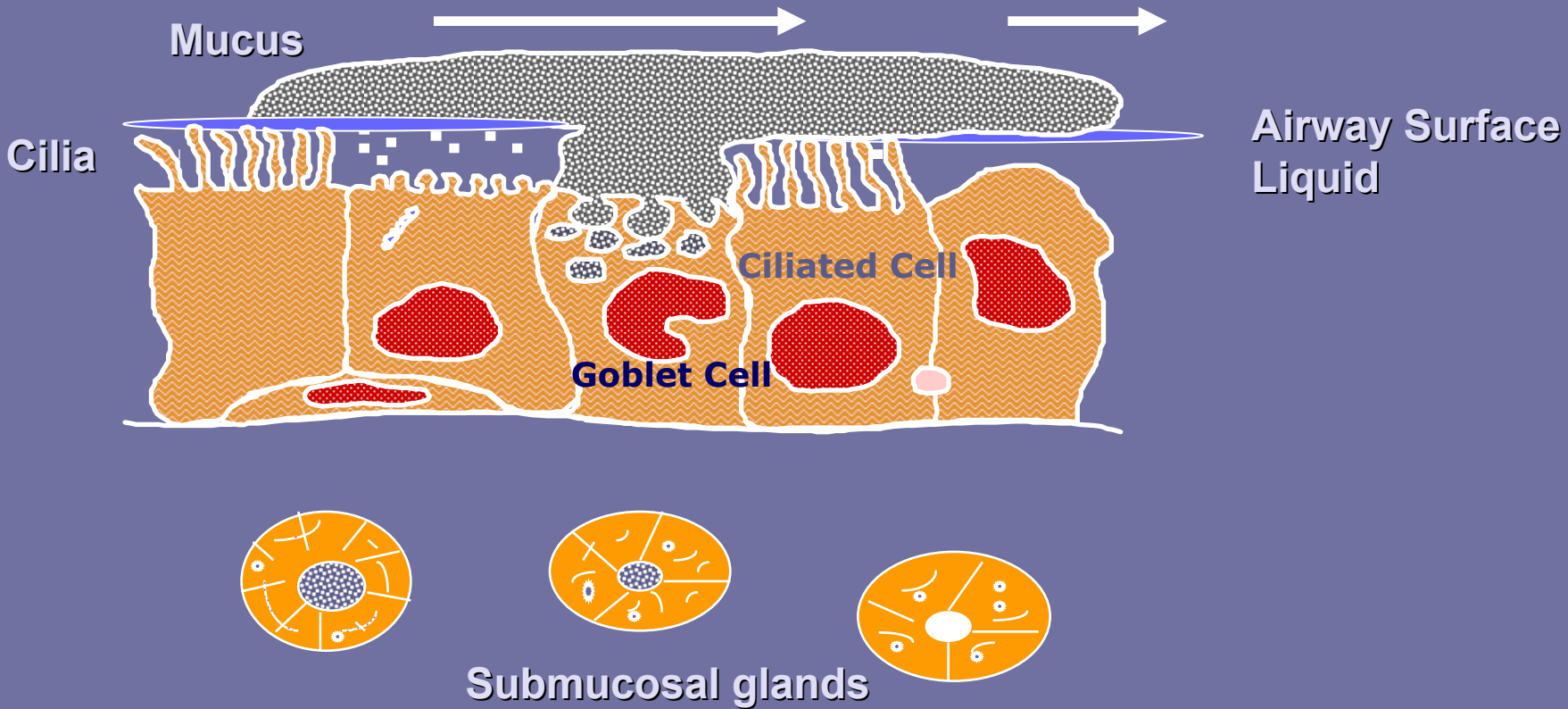
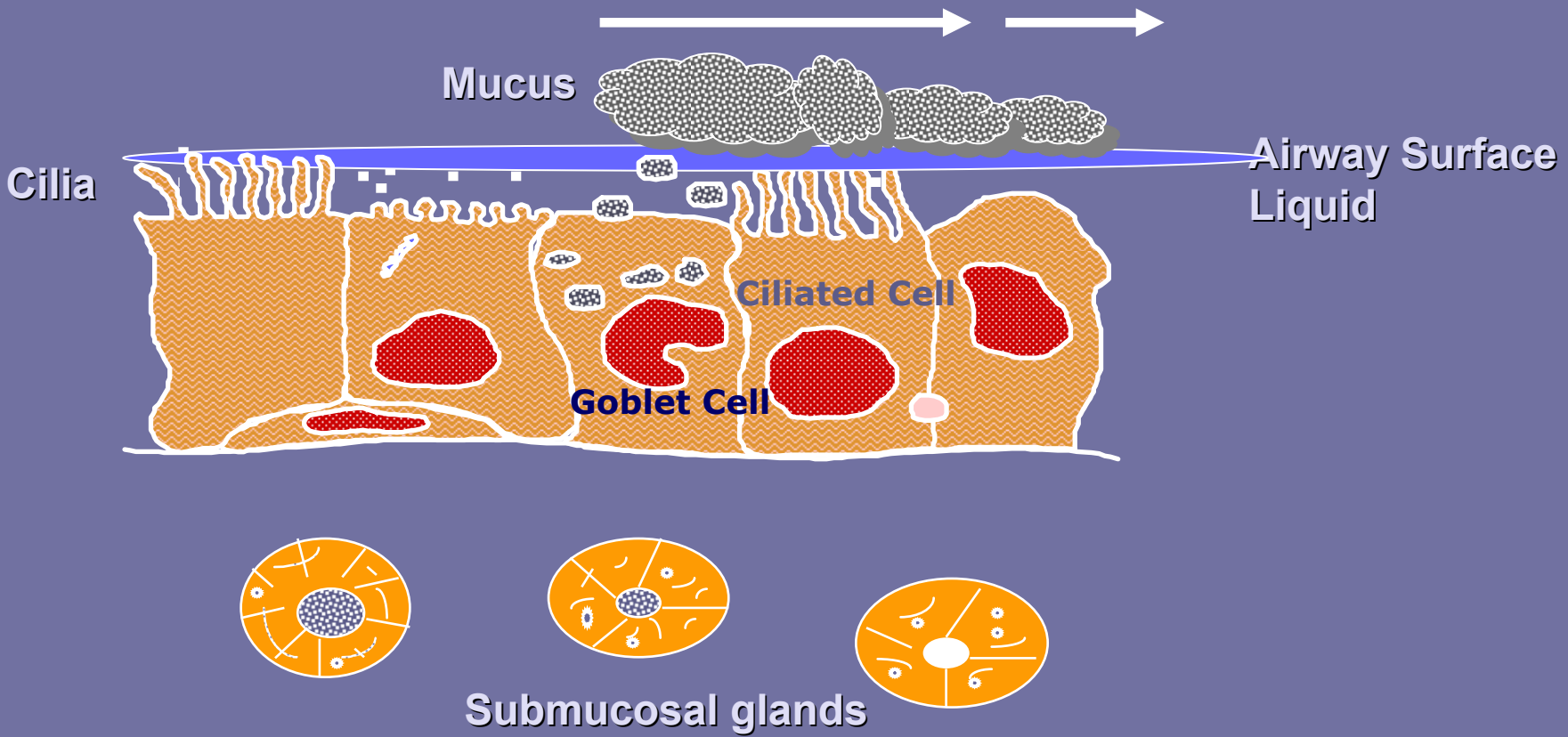
Respiratory diseases
(Chronic obstructive lung diseases)

Mucociliary system (dysfunctional)



Respiratory diseases
(Chronic obstructive lung diseases)

Mucociliary system (after Bronchitol)



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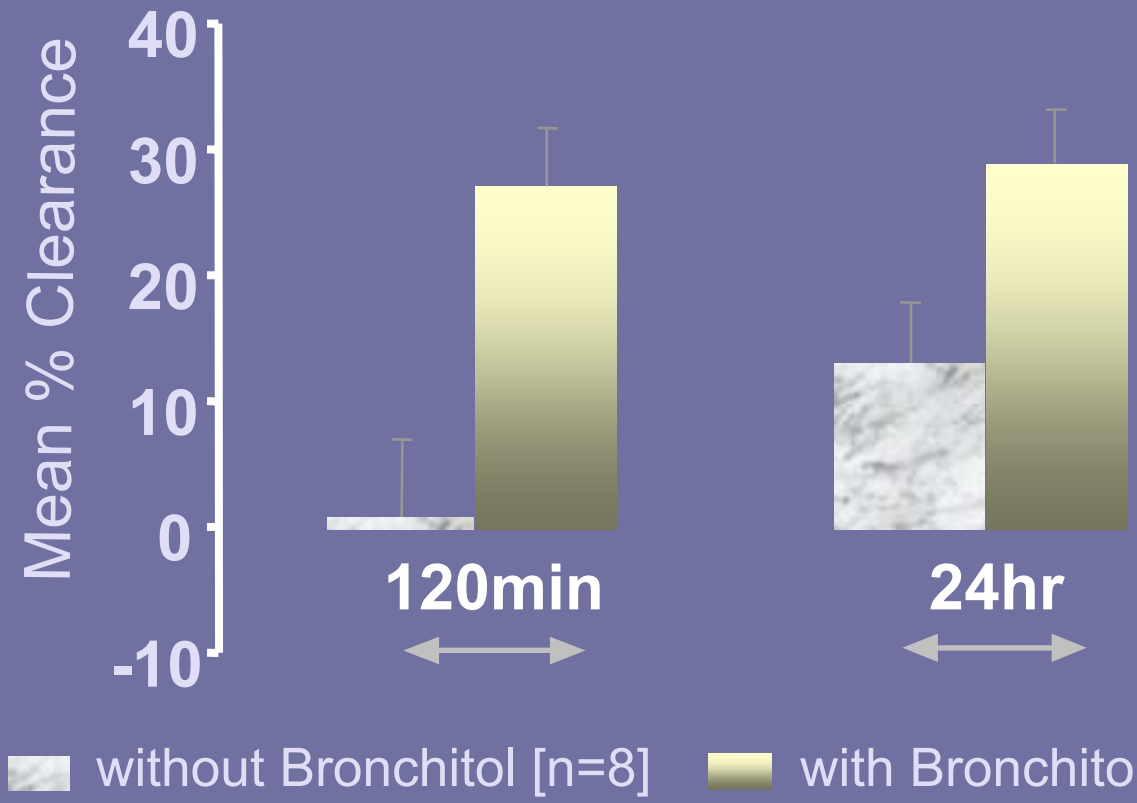
Study in Patients with Bronchiectasis

Right Peripheral Region of Lung



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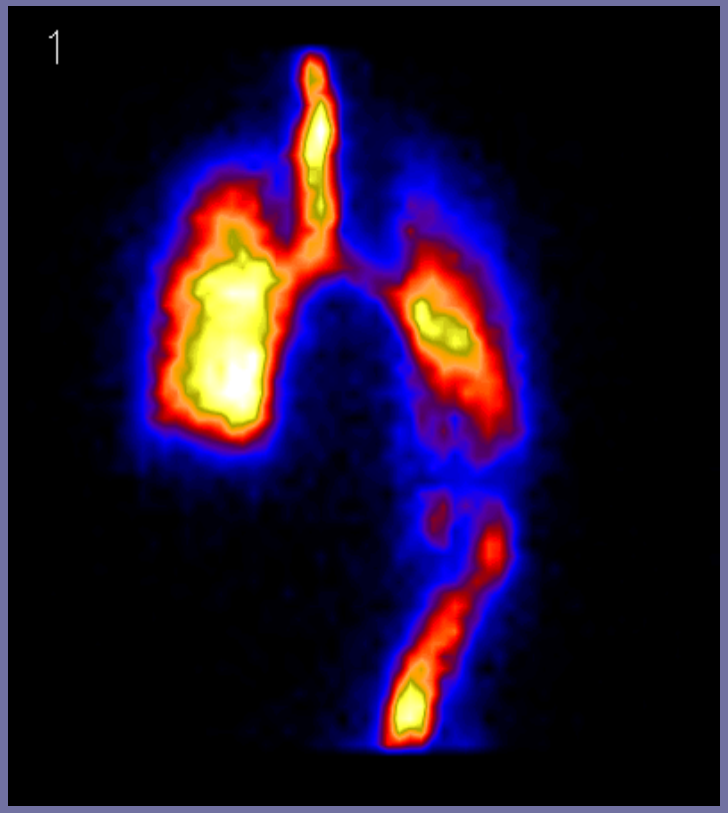
Chronic bronchitis
without Bronchitol



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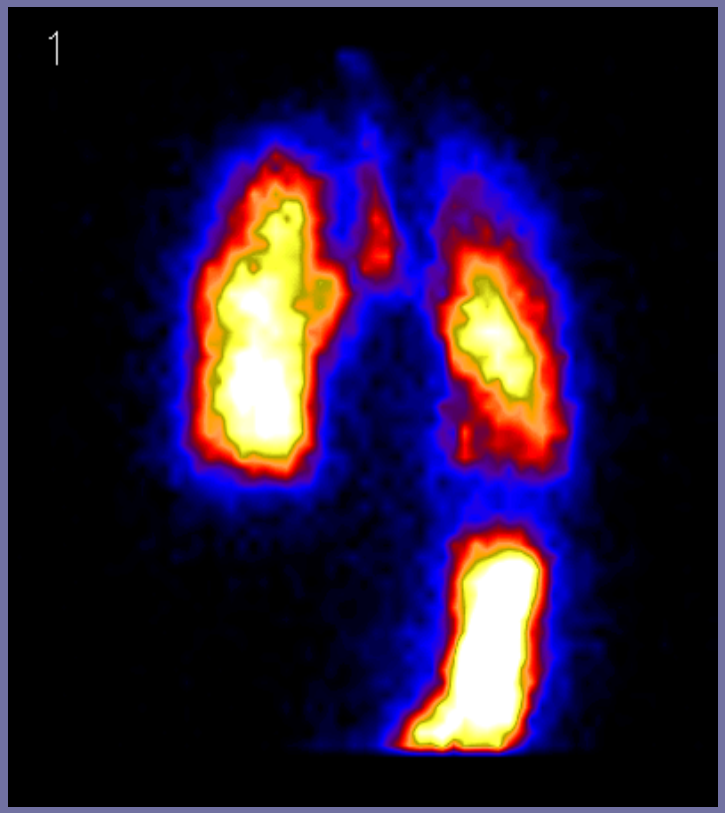
Chronic bronchitis

with Bronchitol (400mg)



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Bronchitol

for Chronic Obstructive Lung Diseases

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Bronchitol

Emerging Product Profile

Product description

- Convenient, portable, pocket sized, dry powder inhaler
- Once or twice per day inhaled therapy
- Targeted to cystic fibrosis and chronic obstructive pulmonary disease

Clinical benefits

- Reduce number of infections
- Improve lung function (FEV_1)
- Reduce requirement for hospitalisation
- Reduce need for physiotherapy
- Improve exercise capacity
- **Improve quality of life**

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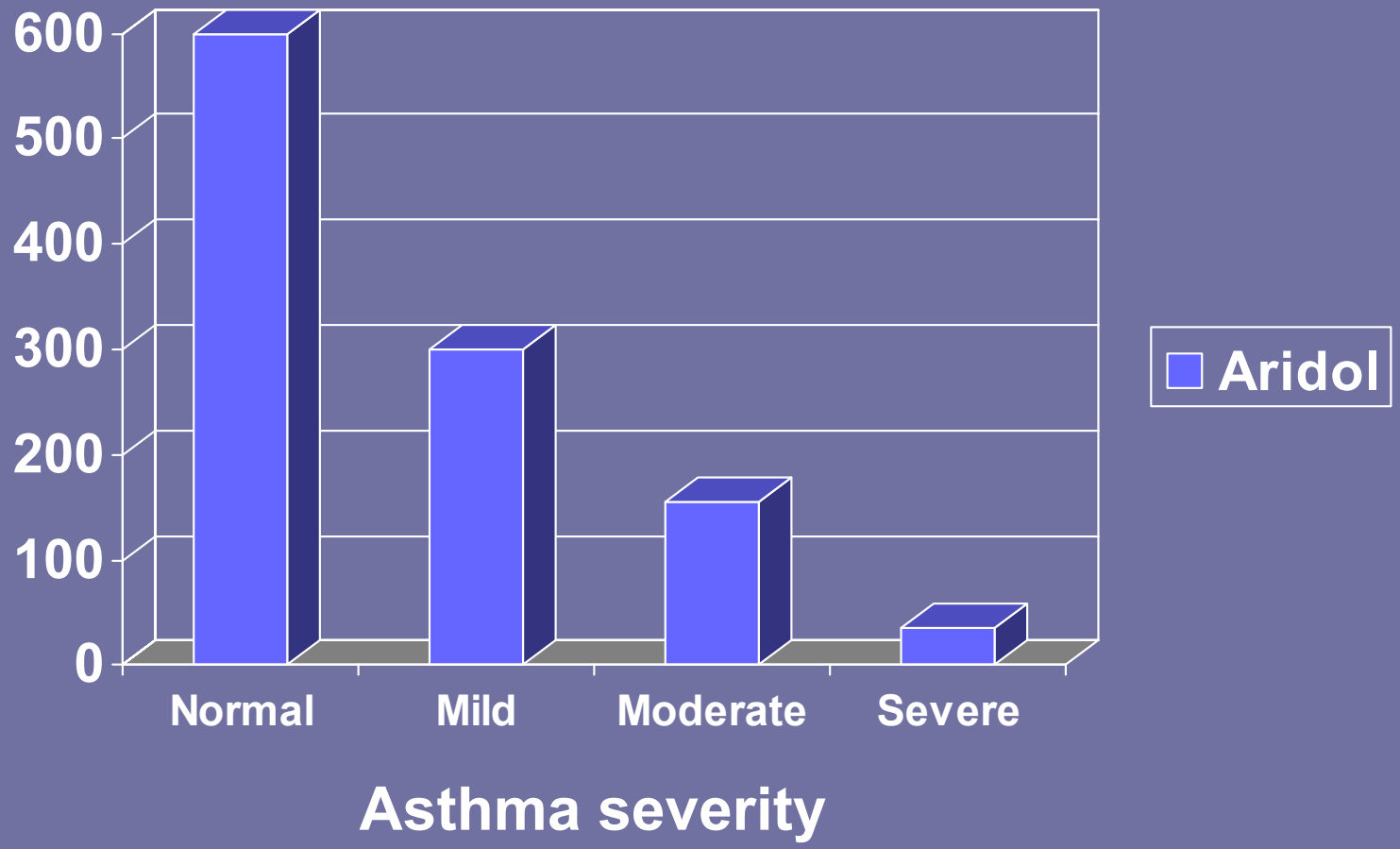
Aridol™

Dose required to cause 15% fall in lung function



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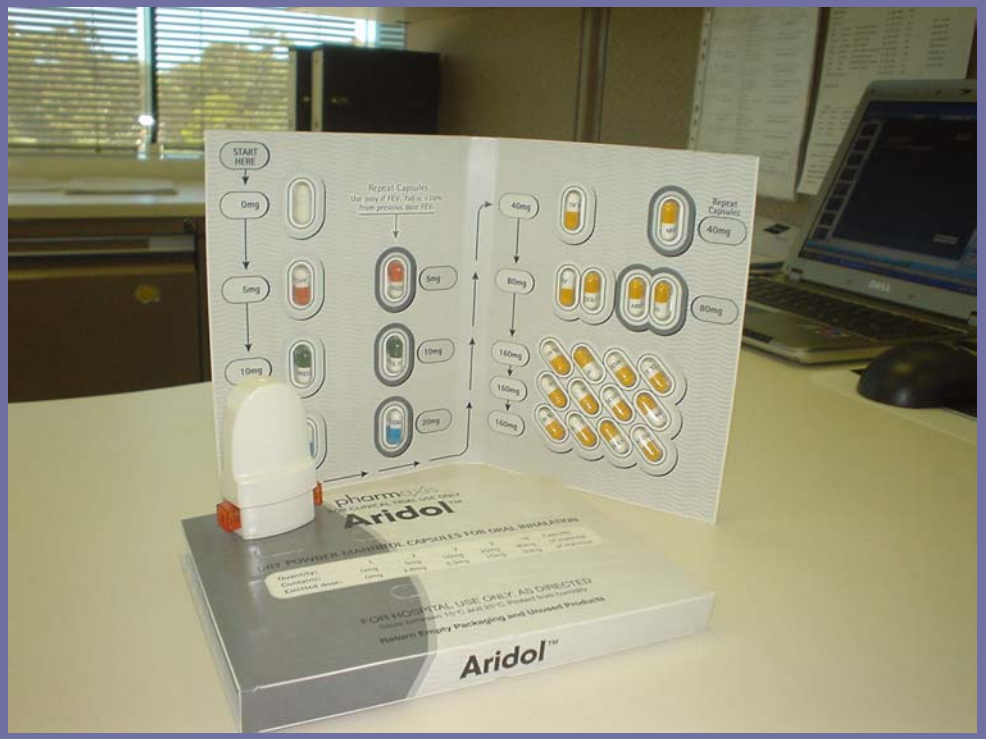
Aridol™
for asthma management



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Aridol™

Emerging Product Profile

Product description

- Simple, inexpensive test
- Clinical office test, no specialist equipment
- Standardise and measure lung function
- Valuable tool in diagnosis, monitoring and management of diseases

Clinical benefits

- Confirms diagnosis
- Assess the severity
- Appropriate medication
- Optimisation of steroid use

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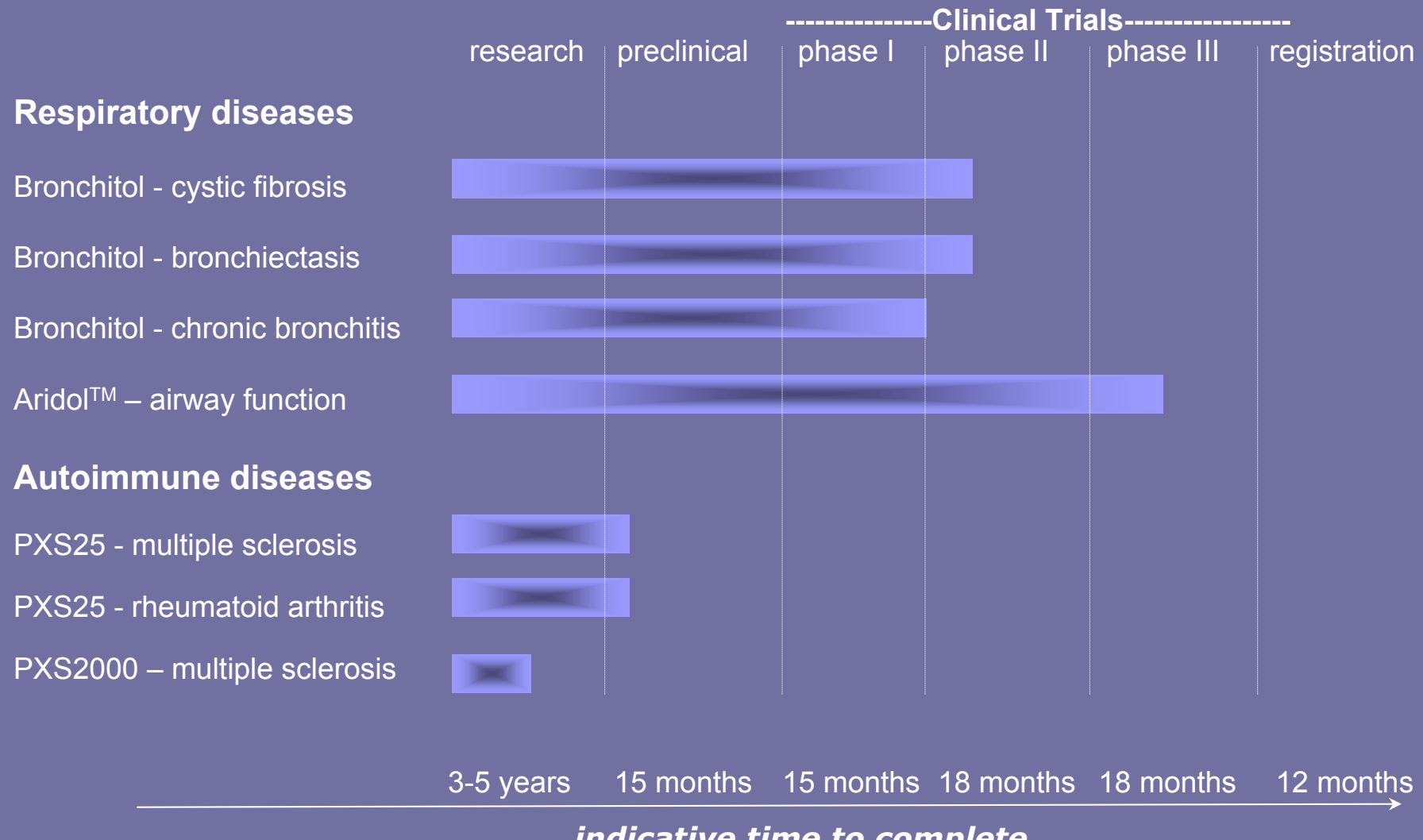
Product Portfolio



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PXS25

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

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PXS2000

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

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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]

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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

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Pro Forma Financials

Cash and commercial bills	$7 million
Net proceeds of IPO	$23 million
Total Cash[1]	**$30 million**
Cash backing per share	$0.28
Two Year Cash Usage	
Preclinical and clinical trials	$23 million
Operating costs – staff, rent, R&D	$8 million
Manufacture (Aridol, Bronchitol)	$3 million
Total	**$34 million**
Less R&D Grants, interest and other income	$4 million
Net Cash Usage	$30 million

[1]Cash is invested in bank deposits and bank accepted commercial bills

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Key Value Drivers

Complete Bronchitol Phase II – cystic fibrosis	Mid 2004
Complete Bronchitol Phase II – bronchiectasis	Mid 2004
Complete Aridol™ Phase III	Mid 2004
Approval for Aridol™	Mid 2005
Initiate clinical development of PXS25	Q3 2004
Initiate clinical development of PXS2000	Q1 2005
Initiate Bronchitol comparator study	Q3 2004
Initiate Bronchitol Phase II/III – cystic fibrosis	Q3 2004
- bronchiectasis	Q3 2004

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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

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