

12 December 2003



**ML SIGNS AGREEMENT WITH PLIVA
FOR THE DEVELOPMENT OF PLIVA'S NOVEL
ASTHMA TREATMENT IN CLICKHALER**

Innovata Biomed (IB), the respiratory division of ML Laboratories (ML) and Pliva dd (Pliva), a rapidly growing multinational pharmaceutical company, announce that they have entered into an agreement to develop a novel asthma medication based on Pliva's novel steroid PLD-177 and IB's multi-dose breath-actuated dry powder inhaler Clickhaler®.

Under the terms of the agreement IB will undertake development work for which it will receive fee income and milestone payments over the development period, the first of which is payable immediately. In addition IB will receive royalties on sales and will supply inhalers on commercial terms.

The development studies, which will start immediately, will be undertaken by a joint team of scientists from IB and Pliva collaborating closely to deliver this important programme.

Paul Ballington, Managing Director, of IB said: "This Agreement further demonstrates the strengths of IB's products and scientists and underlines the progress being made by IB towards achieving its goal of becoming the leading independent provider of dry powder inhalation technologies for the delivery of New Chemical Entity (NCE) respiratory compounds. Our partner, Pliva, has an exciting NCE and is a recognised force in the pharmaceutical market; Pliva's selection of Clickhaler confirms that this unique inhaler platform represents a reliable, fast to market delivery system for new inhaled drugs.

Radan Spaventi, Pliva's CSO said: "This agreement represents a significant step forward in the evolution of Pliva's proprietary business and complements our existing portfolio in the field of asthma. We are pleased to be working with IB on this exciting product that will provide the unique features and benefits of our novel NCE, with IB's unique device. We look forward to the completion of this program and its eventual commercialization.

PLD-177 is a representative of a new compound class and is being developed for the treatment of asthma. The compound has a novel mode of action resembling corticosteroid activity and selective affinity to lung tissue. Such properties have resulted in potent activity in suppressing inflammation in pre-clinical models for asthma and a good safety profile compared to current corticosteroids. Phase I studies are scheduled to commence Q1 2005".

- Ends -

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Note to editors:-

Clickhaler is a proven, industrialised dry powder inhaler with many established advantages over standard inhalers. The Clickhaler has been designed to meet the needs of patients and to satisfy the most stringent regulatory standards. The product has achieved regulatory approval in the EU and is already marketed with standard asthma therapies (salbutamol and beclomethasone) in UK, Ireland and France.

IB is a leading independent provider of inhaled drug delivery technologies to the pharmaceutical industry. IB's proven delivery technologies are already commercialised in some markets and available for proof of principle testing as "fast-to-market" drug delivery solutions.

ML is a pharmaceutical product development company with a track record of successful clinical development, regulatory approval and licensing of pharmaceutical products and a pipeline of future products targeted at specialist markets. ML's activities are supported by a growing income stream from marketed products it has successfully developed and licensed to other pharmaceutical companies, which include Baxter, Shire and Celltech.

New therapeutic products in clinical development include cancer treatments, a pain management compound prepared to enter Phase III studies, a preventative of sexually transmitted infections, including HIV, and a phosphate binder to assist the management of kidney failure. ML's portfolio of early stage development projects includes unique polymer/drug molecules to provide safer and

more potent cancer chemotherapy and technologies for use in the discovery and manufacture of biotechnology products.

In addition ML provides inhaled drug delivery solutions to the global pharmaceutical industry through its dedicated respiratory subsidiary Innovata Biomed.

More information about ML Laboratories PLC can be found at www.mllabs.co.uk

Pliva dd

With more than 80 years of experience in the pharmaceuticals arena, PLIVA has become a specialty pharmaceutical company that has successfully transformed itself into a truly international player, with operations across Europe, the US and CEE. The company's vision is to be a research driven, fully integrated global pharmaceutical company dedicated to providing innovative products for a better quality of life. PLIVA is currently the largest CEE headquartered company by sales, whose most prominent discovery is the blockbuster antibiotic azithromycin.

More information about PLIVA can be found at www.pliva.com.