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CONFORMED SUBMISSION TYPE: S-3/A
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CENTRAL INDEX KEY: 0000911216
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BUSINESS ADDRESS: STREET 1: 214 CARNEGIE CENTER
STREET 2: SUITE 100
CITY: PRINCETON
STATE: NJ
ZIP: 08540
BUSINESS PHONE: 6095201911
MAIL ADDRESS: STREET 1: 214 CARNEGIE CENTER
STREET 2: SUITE 100
CITY: PRINCETON
STATE: NJ
ZIP: 08540
FORMER COMPANY: FORMER CONFORMED NAME: INTERFILM INC
DATE OF NAME CHANGE: 19930825
S-3/A
1
AMENDED REGISTRATION STATEMENT ON FORM S-3

As filed with the Securities and Exchange Commission on November 25, 1997
Registration No. 333-33569

SEcurities and exChange commISSION
WASHINGTON, D.C. 20549

pre-effective amendment no. 1
ON FORM S-3
TO REGISTRATION STATEMENT
ON FORM SB-2
UNDER THE SECURITIES ACT OF 1933

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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: from time to time, following the effective date of this registration statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. [ ]

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. [X]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]
If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [__]

CALCULATION OF REGISTRATION FEE

<table>
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<th>Title of each securities to be registered</th>
<th>Proposed maximum offering price per unit (1)</th>
<th>Proposed maximum aggregate offering price (1)</th>
<th>Amount of registration fee</th>
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<td>Common Stock</td>
<td>3,067,883 (2)</td>
<td>$7.53125</td>
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(1) Calculated pursuant to Rule 457(c) under the Securities Act of 1933 and based on the average of the high and low prices of the registrant's common stock reported on The Nasdaq SmallCap Market(sm) on November 24, 1997.

(2) On September 5, 1997, the Company effected a 1-for-4 reverse split of the Common Stock. Accordingly, the 14,266,197 shares of Common Stock included in the registration statement filed on August 13, 1997 became 3,566,549 shares of Common Stock effective September 5, 1997. A registration fee of $7,565.41 relating to the registration of the 3,566,549 shares of Common Stock (on a post reverse-split basis) was previously paid.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

Subject to Completion, dated November 25, 1997

INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE
SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

PROSPECTUS

[GRAPHIC OMITTED]

PALATIN TECHNOLOGIES, INC.

6,634,432 SHARES OF COMMON STOCK

This Prospectus relates to the offering (the "Offering") of up to 6,634,432 shares (the "Registered Shares") of the common stock, $.01 par value per share (the "Common Stock") of Palatin Technologies, Inc. (the "Company"), which may be sold from time to time by the selling stockholders named in this Prospectus (each, a "Selling Stockholder," together, the "Selling Stockholders"). The Registered Shares consist of: (i) up to 2,777,739 shares of Common Stock issuable on conversion of 137,780 shares of the Company's Series A Convertible Preferred Stock, $.01 par value per share ("Series A Convertible Preferred Stock"); (ii) up to 277,770 shares of Common Stock issuable on conversion of 13,778 shares of Series A Convertible Preferred Stock issuable on exercise of Preferred Stock Placement Warrants issued to designees of Paramount Capital, Inc. ("Paramount"); (iii) up to 3,055,509 shares of Common Stock issuable upon adjustment in the conversion price of Series A Convertible Preferred Stock (the "Contingent Shares") (see "Description of Securities"); (iv) up to 69,122 shares of Common Stock issuable on exercise of Class C Warrants; (v) up to 177,788 shares of Common Stock issuable on exercise of Common Stock Placement Warrants issued to designees of Paramount; (vi) up to 39,167 shares of Common Stock issuable on exercise of Class B Warrants; (vii) up to 1,953 shares of Common Stock issuable on exercise of Class B Placement Warrants issued to designees of Paramount; (viii) up to 138,241 shares of Common Stock issued or issuable on exercise of Class A Warrants, of which 55,296 shares of Common Stock are outstanding as of the date of this Prospectus; (ix) up to 20,733 shares of Common Stock issuable on exercise of Class A Placement Warrants issued to designees of Paramount; (x) 63,910 shares of Common Stock issued to the designee of the Company's largest creditor to pay accrued interest as of April 30, 1997; and (xi) up to 12,500 shares of Common Stock issuable on exercise of Financial Services Advisory Agreement Warrants issued to a designee of Paramount. The resale of the Registered Shares is covered by this Prospectus.

The Common Stock is traded on The Nasdaq SmallCap Market (sm) (the "Nasdaq SmallCap"), under the symbol "PLTN." No other security of the Company is listed on any securities exchange or quoted in any over-the-counter market. On November 19, 1997, the last sale price of Common Stock as reported on the Nasdaq SmallCap was $8.00.

Selling Stockholders may, without notice to the Company, sell the Registered Shares from time to time directly to purchasers or through underwriters, brokers, dealers or agents, on securities exchanges, in the over-the-counter market, and/or in privately negotiated transactions. The price of the Registered Shares to the public will, therefore, depend on the time and nature of each sale. Each Selling Stockholder will pay all underwriting discounts and selling commissions applicable to the sale of such Selling Shares.
Stockholder's Registered Shares. Underwriting discounts and selling commissions will vary and may or may not apply to any given sale. The Company will receive no proceeds from the sale of the Registered Shares. The Company will bear all expenses, estimated at $105,000, incurred in connection with the registration of the Registered Shares under the Securities Act of 1933, as amended (the "Securities Act") and qualification or exemption of the Registered Shares under state securities laws, excluding fees of legal counsel for any Selling Stockholder. See "Use of Proceeds" and "Plan of Distribution."

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THE REGISTERED SHARES OFFERED HEREBY INVOLVE A HIGH DEGREE OF RISK. SEE "RISK FACTORS" BEGINNING ON PAGE 5 OF THIS PROSPECTUS.

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THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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THE DATE OF THIS PROSPECTUS IS ______ __, 1997
The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and accordingly files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). All such reports, proxy statements and other information may be inspected and copied at the Public Reference Section of the Commission, Room 1024, 450 Fifth Street, N.W., Washington D.C. 20549, and at its Regional Offices at Seven World Trade Center, 13th Floor, New York, NY 10048, and at Northwest Atrium Center, 500 West Madison Street, Suite 1400, Chicago, IL 60661-2511. The Company is an electronic filer, and the Commission maintains a Web site on the Internet at http://www.sec.gov that contains reports, proxy and information statements and other information regarding issuers that file electronically with the Commission. The Common Stock is listed on the Nasdaq SmallCap, and reports, proxy statements and other information concerning the Company may be inspected at the National Association of Securities Dealers, Inc. at 1735 K Street, N.W., Washington D.C. 20006.

This Prospectus constitutes a part of a Registration Statement on Form S-3 filed by the Company with the Commission under the Securities Act (together with all amendments, schedules and exhibits thereto, the "Registration Statement"). This Prospectus omits certain of the information contained in the Registration Statement, and reference is hereby made to the Registration Statement and related exhibits for further information with respect to the Company and the securities offered hereby. Any statements contained herein concerning the provisions of any document are not necessarily complete, and, in each instance, reference is made to the copy of such document filed as an exhibit to the Registration Statement or otherwise filed with the Commission. Each such statement is qualified in its entirety by such reference.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents previously filed with the Commission are hereby incorporated by reference into this Prospectus:

1. The Company's Annual Report on Form 10-KSB for the year ended June 30, 1997, as filed with the Commission on September 26, 1997;

2. The description of the Common Stock of the Company contained in its Registration Statement under the Exchange Act on Form 8-A filed on October 22, 1993; and


All documents subsequently filed by the Company pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act prior to the termination of the offering to which this Prospectus relates shall be deemed to be incorporated by reference into this Prospectus and to be part of this Prospectus from the date of filing thereof.

Any statement contained in a document incorporated by reference herein
shall be deemed to be modified or superseded for purposes of this Prospectus and
the Registration Statement of which it is a part to the extent that a statement
contained herein or in any other subsequently filed document which also is
incorporated herein modifies or replaces such statement. Any statement so
modified or superseded shall not be deemed, in its unmodified form, to
consstitute a part of this Prospectus or such Registration Statement.

The Company will provide without charge to each person to whom a
Prospectus is delivered, upon written or oral request of such person, a copy of
any of the information that was incorporated by reference in this Prospectus
(not including exhibits to the information that is incorporated by reference
unless the exhibits are themselves specifically incorporated by reference). The
address and telephone number to which such request is to be directed are:
Stephen T. Wills, Vice President, Palatin Technologies, Inc., 214 Carnegie
Center, Suite 100, Princeton, NJ 08540, telephone (609) 520-1911.

BUSINESS SUMMARY

The following summary should be read in conjunction with, and is
qualified in its entirety by, the more detailed information, including "Risk
Factors," and financial statements appearing elsewhere or incorporated by
reference in this Prospectus.

Certain statements in this Prospectus constitute "forward-looking
statements" within the meaning of the Private Securities Litigation Reform Act
of 1995. Such forward-looking statements involve known and unknown risks,
uncertainties and other factors which may cause the actual results, performance
or achievements of the Company, or industry results, to be materially different
from any future results, performance, or achievements expressed or implied by
such forward-looking statements. Such factors include, among others, the
following: delays in product development; problems or delays with clinical
trials; failure to receive or delays in receiving regulatory approval; lack of
enforceability of patents and proprietary rights; lack of reimbursement; general
economic and business conditions; industry capacity; industry trends;
competition; material costs and availability; changes in business strategy or
development plans; quality of management; availability, terms and deployment of
capital; business abilities and judgment of personnel; availability of qualified
personnel; changes in, or the failure to comply with, government regulations;
and other factors referenced in this Prospectus. When used in this Prospectus,
statements that are not statements of historical fact may be deemed to be
forward-looking statements. Without limiting the foregoing, the words
"anticipates," "plans," "intends," "expects" and similar expressions are
intended to identify such forward-looking statements. Readers are cautioned not
to place undue reliance on these forward-looking statements, which speak only as
of the date of this Prospectus. The Company undertakes no obligation to publicly
release the result of any revisions to these forward-looking statements that may
be made to reflect events or circumstances after the date hereof or to reflect
the occurrence of unanticipated events.

THE COMPANY
The Company is a development-stage biopharmaceutical company dedicated to developing and commercializing products and technologies for diagnostic imaging, cancer therapy and ethical drug development utilizing peptide, monoclonal antibody and radiopharmaceutical technologies. The Company concentrates its activities in two technology areas, each of which the Company believes may be used to develop products with potential diagnostic and therapeutic applications. These technologies involve the Company’s (i) patent-pending Metal Ion-induced Distinctive Array of Structures (“MIDAS(TM)”) metallopeptide technology (“MIDAS technology”) and (ii) patented and patent-pending direct radiolabeling technology.

The Company believes that the MIDAS technology represents a platform technology which may enable the design and synthesis of novel peptide analogs or mimics. Further, the Company believes that its MIDAS technology may provide the Company with the flexibility to generate its own pharmaceutical products, and the ability to target and complement existing product portfolios and technological bases of other companies. The Company intends to seek to enter into collaborative arrangements to assist in development, manufacturing and marketing of certain proposed products utilizing the MIDAS technology. The Company has entered into a license option agreement as to certain proposed products based on MIDAS technology.

The Company is developing two proposed products incorporating its direct radiolabeling technology, (i) LeuTech(TM), an infection and inflammation imaging product, and (ii) PT-5, a radiotherapeutic peptide somatostatin analog for cancer therapy. The Company is devoting substantial efforts and resources to the development of LeuTech, which the Company believes will be its first proposed product to enter company-sponsored clinical trials. The Company anticipates seeking one or more marketing partners for LeuTech prior to product approval.

The Company is at an early stage of development and has not yet completed the development of any products based on either its MIDAS technology or its direct radiolabeling technology. Accordingly, the Company has not begun to market or generate revenues from the commercialization of any such products. It will be a number of years, if ever, before the Company will recognize significant revenues from product sales or royalties. The Company's technologies and products under development will require significant time-consuming and costly research, development, pre-clinical studies, clinical testing, regulatory approval and significant additional investment prior to their commercialization, which may never occur. There can be no assurance that the Company’s research and development programs will be successful, that its products will exhibit the expected biological results in humans, will prove to be safe and efficacious in clinical trials or will obtain the required regulatory approvals or that the Company or its collaborators will be successful in obtaining market acceptance of any of the Company’s products. There can be no assurance that the Company will be successful in entering into strategic alliances or collaborative arrangements on commercially reasonable terms, if at all, or that such arrangements will be successful, or that the parties with which the Company will establish arrangements will perform their obligations under such arrangements.
The Company or its collaborators may encounter problems and delays relating to research and development, regulatory approval, manufacturing and marketing. The failure by the Company to address successfully such problems and delays would have a material adverse effect on the Company. In addition, no assurance can be given that proprietary rights of third parties will not preclude the Company from marketing its proposed products or that third parties will not market superior or equivalent products.

MIDAS TECHNOLOGY

Role and Function of Peptides. Peptides, short chains of amino acids, play important roles in regulating a variety of biological functions. Natural peptides function by conforming or bending to fit specific molecules on cell surfaces, called receptors, thereby signaling the cell to initiate a biological activity. Some important biological functions that are affected in this manner include overall growth and behavior, inflammatory responses, immune responses and wound healing.

In order to effectively regulate cell signaling, a peptide must bind to its target receptor with high affinity. The affinity of a peptide for its target receptor is highly dependent on its three-dimensional shape or conformation. Many naturally occurring peptides are flexible and can take on multiple conformations, allowing them to interact with more than one type of cell receptor, and to control multiple functions within the body. However, when such peptides are used as drugs, this multiple reactivity is a disadvantage as it may lead to side effects. The ability to construct high-affinity, receptor-specific peptides offers a significant opportunity to develop potent receptor-specific drugs.

Introduction to MIDAS Technology. The Company believes that its patent-pending MIDAS technology can be used to rationally design and produce receptor-specific drugs. Using MIDAS, highly stable metallopeptide complexes are formed, in which the metal ion locks or constrains the peptide into a specific conformation. By designing MIDAS peptides to mimic the conformation required for a specific receptor, a stable, receptor-specific drug, with high affinity and enhanced biological activity, can be made. Radiopharmaceutical products, which may be diagnostic or therapeutic, may be developed using radioactive metal ions in MIDAS peptides. Non-radioactive metal ions may be used in the development of biopharmaceutical MIDAS peptides.

The Company is engaged in research and development on a number of product opportunities for its MIDAS technology, including use as a thrombosis imaging agent, an infection imaging agent and an immunostimulatory agent. No prediction can be made, however, as to when or whether the areas in which there are ongoing MIDAS technology research projects will yield scientific discoveries, or whether such research projects will lead to commercial products.

Other Potential Opportunities. The Company is evaluating a number of product opportunities for its MIDAS technology, and believes that this technology may have medical applications in a variety of areas, including immune disorders, cancers and cardiology. The Company intends to expand research and development of MIDAS technology applications primarily through strategic alliances with other entities. No assurances can be made regarding the establishment or the timing of such alliances, and the failure to establish such alliances on a timely basis could limit the Company’s ability to develop MIDAS technology and could have a material adverse effect on the Company. The Company
expects to devote resources to expand research and development of MIDAS technology to the extent funding is available.

Option Agreement with Nihon. The Company entered into a License Option Agreement (the "Option Agreement") with Nihon Medi-Physics Ltd. ("Nihon"), a Japanese developer and manufacturer of radiopharmaceutical drugs, and received an initial payment of $1,000,000 before Japanese withholding taxes of $100,000. Pursuant to the Option Agreement (i) Nihon has an option to exclusively license certain jointly developed radiopharmaceutical diagnostic products based on the Company's MIDAS technology and (ii) Nihon can maintain its option by making certain milestone payments based on progress in product development. Nihon may exercise its right to negotiate a license agreement at any time upon notice and payment of additional monies to the Company. There can be no assurance that future payments provided for in the Option Agreement will be made, that the Company and Nihon will ever enter into a definitive license agreement, or that a definitive strategic alliance between the Company and Nihon will result in the development or commercialization of any product. In the event that Nihon gives notice of its right to negotiate a license agreement, and the parties cannot agree on terms of such license agreement, the Company may be required to repay $550,000 to Nihon. Failure to enter into a definitive license agreement, or being required to repay certain monies to Nihon, may have a material adverse effect on the Company.

DIRECT RADIOLABELING TECHNOLOGY

The Company has developed and patented radiolabeling technologies for the direct radiolabeling of antibodies, peptides and other proteins with diagnostic and therapeutic radioisotopes.

LeuTech Diagnostic Imaging Product. LeuTech, a proposed product under development that utilizes direct radiolabeling technology, is a murine (or mouse) monoclonal antibody-based product designed to be labeled with the diagnostic radioisotope technetium-99m. When labeled with technetium-99m, LeuTech is intended to be used for diagnosis of infections, occult abscesses, sites of inflammatory disease and other conditions involving high concentrations of white blood cells.

The Company believes that LeuTech can be used for the rapid diagnosis of a variety of difficult to diagnose infections and occult abscesses. Occult abscesses are hidden infections that are generally characterized as being highly localized. Examples of typical occult abscesses include infections of the intra-abdominal area, such as intestinal, spleen, liver or urinary tract abscesses, as well as bone, prosthetic and other abscesses. In a typical abscess, as in most infections, large numbers of white blood cells congregate at the site of the infection. Thus, if the location of concentrations of white blood cells is known, the site of the infection is also known. It is crucial in the diagnosis and treatment of occult abscesses that the location of the infection be determined, as location will frequently determine the type of therapy which is appropriate.
The most specific procedure currently available for nuclear medicine imaging of sites of infection involves removal of blood from the patient, isolating white blood cells from the patient's blood, radiolabeling the white blood cells and injecting the radiolabeled white blood cells back into the patient. The radiolabeled white blood cells then localize at the site of the infection, and can be detected using nuclear medicine diagnostic equipment. This procedure is expensive, involves risks to patients and technicians associated with blood handling, is difficult to perform and generally takes at least twelve hours.

LeuTech has been formulated as a lyophilized, or freeze-dried, kit containing the modified antibody and reagents required for the radiolabeling process. Prior to use, LeuTech will be labeled with technetium-99m by a radiopharmacy or by a hospital's nuclear medicine department. LeuTech is designed to bind, in the body, to white blood cells already present at the site of the infection or circulating in the blood stream. Therefore, LeuTech does not require handling or processing of patient blood.

Preliminary clinical trials have been conducted under an Investigational New Drug Application ("IND") submitted to the United States Food and Drug Administration ("FDA") and held in the name of an investigator, using purified antibody or kits provided by the Company. Forty patient studies have been completed at UCLA/Harbor Medical Center in Los Angeles, with images obtained in a variety of diseases, including acute and suspected appendicitis, pulmonary infections and other abdominal infections. In seven cases satisfactory images were not obtained, due primarily to labeling or product formulation failures with early kit formulations. In some cases, diagnostic images have been obtained within five minutes of administration of LeuTech, and in all cases in which a definitive diagnosis could be made, diagnostic images have been obtained within 90 minutes. An additional seventeen patient studies were completed in Germany at the University of Gottingen, using kits manufactured by a third party to the Company's specifications, with images obtained in osteomyelitis and soft tissue infections. The Company has filed an IND on LeuTech with the FDA in the Company's name, but has not yet initiated clinical trials under that IND.

The Company has entered into an exclusive royalty-bearing license agreement with The Wistar Institute of Anatomy and Biology ("Wistar Institute") to use the antibody and cell line used for LeuTech for a defined field of use. Failure to meet the performance criteria for any reason or any other event of default under the license agreement leading to termination of the license agreement with Wistar Institute would have a material adverse effect on the Company. While the Company has negotiated a long-term contractual arrangement for the manufacture of the purified antibody necessary for LeuTech, there can be no assurance that such contractor will be able to successfully manufacture purified antibody for LeuTech on a sustained basis, that such contractor will remain in the contract manufacturing business for the time required by the Company, or that the Company will be able to enter into such contractual
arrangements as to other steps and components required to manufacture LeuTech. To date, the Company has only manufactured LeuTech in lots preparatory to initiating clinical trial use, and has not determined whether commercial quantities of LeuTech in conformity with these standards can be manufactured on a sustained basis at an acceptable cost. Such manufacture must be done under good manufacturing practices ("GMP") requirements prescribed by the FDA and other agencies. Certain steps in the manufacture of LeuTech, including contract manufacture of purified antibody, vialing and lyophilization, have been done under GMP.

The Company has initiated clinical trials with LeuTech under its IND, and intends to complete Phase III clinical trials and file regulatory applications to market with the FDA in the second half of 1998. There can be no assurance that the Company's LeuTech development program will be successful, that the FDA will permit the Company's planned clinical trials to proceed, that LeuTech will prove to be safe and efficacious in clinical trials, that LeuTech can be manufactured in commercially required quantities on a sustained basis at an acceptable price, that LeuTech will obtain the required regulatory approvals or that the Company or its collaborators will be successful in obtaining market acceptance of LeuTech. The Company or its collaborators may encounter problems and delays relating to research and development, regulatory approval, manufacturing and marketing of LeuTech.

PT-5 Cancer Therapeutic Product. PT-5 is a rhenium-labeled somatostatin peptide analog being developed by the Company which is intended to treat cancers by regional delivery of tumor cell-targeted radiotherapy. PT-5 binds to somatostatin receptors. Somatostatin is a natural peptide hormone involved in the regulation of cell growth and differentiation, and somatostatin receptors are over-expressed on a wide variety of cancers. PT-5 is intended to target such cancers and deliver a therapeutic dose of rhenium-188, a radioisotope which emits high energy beta radiation, to the cancer.

The Company has developed a reproducible, easy to use, and high efficiency direct radiolabeling method for PT-5; developed a lyophilized final product formulation; conducted biodistribution studies of PT-5 in normal animals using several different routes of administration, including intravenous and intra-cavity administration; conducted biodistribution studies of PT-5 in tumor-bearing animals; and demonstrated that PT-5 has a specific therapeutic effect in animal models of three different human tumors -- lung, prostate and breast cancers.

The Company believes PT-5 may have applications for local or regional administration to any compartmentalized cancer which is somatostatin-receptor positive. The cancer must be compartmentalized in order for local or regional administration to work and must express somatostatin receptors in reasonably high levels in order to obtain the targeting benefits of PT-5. Expression of somatostatin receptors varies by type of cancer. However, until clinical trials are completed, specific clinical utility and applications, if any, cannot be determined.

The Company is working with researchers at the University of Bonn in Germany to initiate clinical trials of patients with bronchial cancer metastatic to the pleural cavity. PT-5 will be administered by infusion directly into the pleural cavity. This trial is primarily designed to obtain safety and dose response data, and secondarily to obtain evidence of efficacy, including tumor stasis or regression and improvement in cancer-associated biological markers.
PT-5 requires a source of radioactive rhenium, preferably rhenium-188. This isotope can be produced by a variety of methods, including a generator system; however, clinical grade radioactive rhenium is not currently available in the United States. The Company is aware of an experimental generator system developed in the United States by Oak Ridge National Laboratory, and an additional experimental generator system available in Europe. The Company does not intend to seek to commercialize any source of radioactive rhenium, but is aware of other companies seeking to commercialize radioactive rhenium. There can be no assurance that, regardless of the status of product development by the Company, any acceptable form of radioactive rhenium will ever be commercially available in the United States or other countries at acceptable prices, if at all, in which event the Company may never be able to develop or commercialize PT-5.

The Company is discussing entering into a collaborative arrangement with a third party to use a specific somatostatin analog for PT-5, and both parties are waiting to evaluate the results of preliminary clinical trials. There can be no assurance that the Company will be able to conclude a collaborative arrangement on acceptable terms, if at all. If the Company cannot conclude such arrangement, the Company will either abandon PT-5 development or seek to develop a substitute using MIDAS technology. There can be no assurance that the Company will be able to enter into an arrangement with another party on acceptable terms if at all, or will be able to develop a substitute using MIDAS technology in a reasonable period of time, or at all. There can be no assurance that the Company’s PT-5 development program will be successful, that PT-5 will exhibit the expected biological results in humans, that PT-5 will prove to be safe and efficacious in clinical trials, that the Company will obtain the required regulatory approvals for PT-5, or that the Company or its collaborators will be successful in obtaining market acceptance of PT-5. The Company or its collaborators may encounter problems and delays relating to research and development, regulatory approval, manufacturing and marketing of PT-5.

EXECUTIVE OFFICES

The address of the Company’s principal executive offices is Palatin Technologies, Inc., 214 Carnegie Center, Suite 100, Princeton, NJ 08540, and the telephone number is (609) 520-1911.

RISK FACTORS

EARLY STAGE OF DEVELOPMENT; UNCERTAINTY OF PRODUCT DEVELOPMENT; TECHNOLOGICAL UNCERTAINTY. The Company is at an early stage of development and has not yet completed the development of any products based on either its MIDAS technology or its direct radiolabeling technology. Accordingly, the Company has not begun to market or generate revenues from the commercialization of any such products. It will be a number of years, if ever, before the Company will recognize significant revenues from product sales or royalties. The Company’s technologies and products under development will require significant time-consuming and costly research, development, preclinical studies, clinical testing, regulatory approval and significant additional investment prior to their commercialization, which may never occur. There can be no assurance that the Company’s research and development programs will be successful, that its products will exhibit the expected biological results in humans, that its products will prove to be safe and efficacious, that its products will obtain the required regulatory approvals, demonstrate substantial therapeutic or diagnostic benefit, be commercialized on a timely basis, experience no design or manufacturing problems, be manufactured on a large scale, or be economical to market, or that the Company or its collaborators will be successful in obtaining market acceptance of any of the Company’s products or generate sufficient revenue to support research and development programs. There can be no assurance that the Company will be successful in entering into strategic alliances or collaborative arrangements on commercially reasonable terms, if at all, that such arrangements will be successful, or that the parties with which the Company will establish arrangements will perform their obligations under such arrangements. The Company or its collaborators may encounter problems and delays relating to research and development, regulatory approval, manufacturing and marketing. The failure by the Company to successfully address such problems and delays would have a material adverse effect on the Company. In addition, no assurance can be given that proprietary rights of third parties will not preclude the Company from marketing its proposed products or that third parties will not market superior or equivalent products.

HISTORY OF OPERATING LOSSES AND ACCUMULATED DEFICIT. The Company has incurred net operating losses since its inception (January 28, 1986) and, as of September 30, 1997, had an accumulated deficit of approximately $15.4 million, which has increased to date. The Company anticipates incurring additional losses over at least the next several years and such losses are expected to increase as the Company expands its research and development activities relating to its MIDAS technology and its direct radiolabeling technology. To achieve profitability, the Company, alone or with others, must successfully develop its technologies and products, conduct preclinical studies and clinical trials, obtain required regulatory approvals and successfully manufacture, introduce and market such technologies and products. The time required to reach profitability is highly uncertain, and there can be no assurance that the Company will be able to achieve profitability on a sustained basis, if at all.

NEED FOR ADDITIONAL FINANCING AND ACCESS TO CAPITAL. The Company has
incurred negative cash flow from operations since its inception. The Company has
expended, and will continue to expend in the future, if available, substantial
funds to continue its research and development programs, including preclinical
studies and clinical trials, to seek regulatory approval of its products, to
develop manufacturing and marketing capabilities, and to fund the growth that is
expected to occur if any of its proposed products are approved for marketing.
Further, the Company has significant long-term debt that is due and payable
during the fiscal years ending June 30, 1998 and 1999. The Company expects that
its existing capital resources will be adequate to make scheduled debt payments
and to fund its operations through June 1998. No assurance can be given that
there will be no events affecting the Company’s operations that would deplete
available resources significantly before such time. The Company’s future capital
requirements depend on many factors, including continued progress in its
research and development activities, progress with preclinical studies and
clinical trials, prosecuting and enforcing patent claims, technological and
market developments, the ability of the Company to establish product development
arrangements, the cost of manufacturing scale-up and effective marketing
activities and collaborative or other arrangements. The Company will seek to
obtain additional funds through public or private financings, including equity
or debt financings, collaborative or other arrangements with corporate partners
and others, and from other sources. No assurance can be given that additional
financing will be available when needed, if at all, or on terms acceptable to
the Company. If adequate additional funds are not available, the Company may be
required to delay, scale back or eliminate certain of its research or
development activities, its manufacturing and marketing efforts, or require the
Company to license to third parties certain products or technologies that the
Company would otherwise seek to commercialize itself. If adequate funds are not
available, there will be a material and adverse effect on the Company.

POTENTIAL VOLATILITY OF PRICE; LOW TRADING VOLUME. The market price of
the Common Stock, like that of many other development-stage public
pharmaceutical or biotechnology companies, has been highly volatile and may be
so in the future. Factors such as announcements of technological innovations or
new commercial products by the Company or its competitors, disclosure of results
of preclinical and clinical testing, adverse reactions to products, governmental
regulation and approvals, developments in patent or other proprietary rights,
public or regulatory agency concerns as to the safety of products developed by
the Company, litigation and general market conditions may have a significant
adverse effect on the market price of the Common Stock. In addition, in general,
the Common Stock has been thinly traded, which may affect the ability of the
Company’s stockholders to sell shares of the Common Stock in the public market.
There can be no assurance that a more active trading market will develop in the
future. From June 26, 1996 (the business day following the merger of a
newly-formed, wholly-owned subsidiary of the Company with and into RhoMed
Incorporated, a New Mexico corporation (“RhoMed”), pursuant to which all of the
outstanding equity securities of RhoMed were exchanged for Common Stock of the
Company (the “Merger”)) to November 19, 1997, the Company’s Common Stock has
traded at per share prices between $55 and $5. There can be no assurance that
this high level of volatility will not persist in the future and that purchasers
of the Registered Shares will not be adversely affected. Further, the stock
market has from time to time experienced extreme price and
volume fluctuations that may be unrelated to the operating performance of particular companies. Such fluctuations may adversely affect the price of the Common Stock.

PATENTS AND PROPRIETARY RIGHTS, NO ASSURANCE OF ENFORCEABILITY OR SIGNIFICANT COMPETITIVE ADVANTAGE. In general, the patent positions of companies relying upon biotechnology are highly uncertain and involve complex legal and factual questions. To date, there has emerged no consistent policy regarding the breadth of claims that are properly accorded to biotechnology patents. There can be no assurance that patents will issue from the patent applications filed by the Company or its licensors or that the scope of any claims granted in any patent will provide meaningful proprietary protection or a competitive advantage to the Company. There can be no assurance that the validity or enforceability of patents issued or licensed to the Company will not be challenged by others or, if challenged, will be upheld by a court. In addition, there can be no assurance that competitors will not be able to circumvent any patents issued or licensed to the Company. In the United States, patent applications are maintained in secrecy until they issue as patents, and thus publications in the patent literature lag behind actual discoveries. Scientific publications also generally appear after a patent application, if any, is filed. As a result of delayed publication, the Company cannot be certain that its scientists were the first to make inventions covered by its patents and patent applications.

In the event another party has also filed a patent application relating to an invention claimed in a Company patent application, the Company may be required to participate in an interference proceeding adjudicated by the United States Patent and Trademark Office to determine priority of invention. The possibility of an interference proceeding could result in substantial uncertainties and cost for the Company, even if the eventual outcome is favorable to the Company. An adverse outcome could result in the Company losing patent protection for the subject of the interference, subject the Company to significant liabilities to third parties and require the Company to obtain license rights from third parties at undetermined cost or to cease using the technology.

While no valid patent that would be infringed by manufacture, use or sale of the Company's proposed products has come to the attention of the Company, the Company's proposed products are still in the development stage, and neither their formulations nor their method of manufacture is finalized. Moreover, patents the claims of which would be infringed by the Company's commercial activities may not have issued as yet. There can thus be no assurance that the manufacture, use or sale of the Company's proposed products will not infringe patent rights of others. The Company may be unable to avoid infringement of any such patents and may have to seek a license, defend an infringement action, or challenge the validity of such patents in court. There can be no assurance that a license will be available to the Company, if at all, upon terms and conditions acceptable to the Company or that the Company will prevail in any patent litigation. Patent litigation is costly and time consuming, and there can be no assurance that the Company will have sufficient resources to pursue such litigation. If the Company does not obtain a license under any such patents, is found liable for infringement, or is not able to have them declared invalid, the Company may be liable for significant money damages, may encounter significant delays in bringing products to market, or may be precluded from participating in the manufacture, use or sale of products or
methods of treatment covered by such patents.

The Company relies substantially in its product development activities on certain technologies which are neither patentable nor proprietary and are therefore potentially available to the Company’s competitors. The Company also relies on certain proprietary technologies (trade secrets and know-how) which are not patentable. Although the Company has taken steps to protect its unpatented trade secrets and know-how, in part through the use of confidentiality agreements with its employees, consultants and certain of its contractors, there can be no assurance that these agreements will not be breached, that the Company would have adequate remedies for any breach or that the Company’s trade secrets will not otherwise become known or be independently developed or discovered by competitors. If the Company’s employees, scientific consultants or collaborators develop inventions or processes independently that may be applicable to the Company’s product candidates, disputes may arise about ownership of proprietary rights to those inventions and processes. Such inventions and processes will not necessarily become the Company’s property, but may remain the property of those persons or their employers. Protracted and costly litigation could be necessary to enforce and determine the scope of the Company’s proprietary rights. Failure to obtain or maintain patent and trade secret protection, for any reason, could have a material adverse effect on the Company.

Certain of the Company’s patents are directed to inventions developed with funds from United States government agencies or within academic institutions from which the Company earlier acquired rights to such patents. As a result of these arrangements, the United States government may have rights in certain inventions developed during the course of the performance of federally funded projects as required by law or agreements with the funding agency.

Several bills affecting patent rights have been introduced in the United States Congress. These bills address various aspects of patent law, including publication of pending patent applications, modification of the patent term, re-examination, subject matter and enforceability. It is not certain whether any of these bills will be enacted into law and whether, as enacted, they would affect the scope, validity and enforceability of the Company’s patents. Accordingly, the effect of legislative change on the Company’s intellectual property estate is uncertain.

UNCERTAINTY OF DEVELOPMENT OF MIDAS TECHNOLOGY. The Company is engaged in research and development on a number of product opportunities for its MIDAS technology, including use as a thrombosis imaging agent, an infection imaging agent and an immunostimulatory agent, and believes that MIDAS technology may have medical applications in a variety of areas, including immune disorders, cancers and cardiology. The Company intends to expand research and development of MIDAS technology applications primarily through strategic alliances with other entities. No assurances can be made regarding the establishment or the timing of such alliances, and the failure to establish such alliances on a
timely basis could limit the Company's ability to develop MIDAS technology and could have a material adverse effect on the Company. The Company expects to devote resources to expand research and development of MIDAS technology to the extent funding is available. No prediction can be made, however, as to when or whether the areas in which there are ongoing MIDAS technology research projects will yield scientific discoveries, or whether such research projects will lead to commercial products.

While the Company has entered into the Option Agreement with Nihon, pursuant to which Nihon has an option to exclusively license certain products based on the Company's MIDAS technology, there can be no assurance that future payments provided for in the Option Agreement will be made, that the Company and Nihon will ever enter into a definitive license agreement, or that a definitive strategic alliance between the Company and Nihon will result in the development or commercialization of any product. In the event that Nihon gives notice of its right to negotiate a license agreement, and the parties cannot agree on terms of such license agreement, the Company will be required to repay certain monies to Nihon. Failure to enter into a definitive license agreement, or being required to repay certain monies to Nihon, may have a material adverse effect on the Company.

UNCERTAINTY OF DEVELOPMENT OF LEOOUTECH.
The Company has entered into an exclusive royalty-bearing license agreement with Wistar Institute for a defined field of use for the antibody and cell line used for LeuTech, which license agreement contains certain performance criteria and benchmark payments. Failure to meet the performance criteria for any reason or any other event of default under the license agreement leading to termination of the exclusive license agreement with Wistar Institute would have a material adverse effect on the Company. While the Company has negotiated a long-term contractual arrangement for the manufacture of the purified antibody necessary for LeuTech, there can be no assurance that such contractor will be able to successfully manufacture purified antibody for LeuTech on a sustained basis, that such contractor will remain in the contract manufacturing business for the time required by the Company, or that the Company will be able to enter into such contractual arrangements as to other steps and components required to manufacture LeuTech. Such manufacture must be done under GMP requirements prescribed by the FDA and other governmental agencies. To date, the Company has only manufactured LeuTech in lots preparatory to initiating clinical trial use, with certain manufacturing processes having been done under GMP, and has not determined whether commercial quantities of LeuTech in conformity with these standards can be manufactured on a sustained basis at an acceptable cost.

While the Company has filed an IND on LeuTech with the FDA, and intends to complete Phase III clinical trials and file regulatory applications to market with the FDA in the second half of 1998, there can be no assurance that the Company's LeuTech development program will be successful, that the FDA will permit the Company's planned clinical trials to proceed, that LeuTech will prove to be safe and efficacious in clinical trials, that LeuTech can be manufactured in commercially required quantities on a sustained basis at an acceptable price,
that LeuTech will obtain the required regulatory approvals or that the Company or its collaborators will be successful in obtaining market acceptance of LeuTech. The Company or its collaborators may encounter problems and delays relating to research and development, regulatory approval, manufacturing and marketing of LeuTech. Failure to develop, obtain regulatory approval for, manufacture and market LeuTech on a timely basis would have a material adverse effect on the Company.

UNCERTAINTY OF DEVELOPMENT OF PT-5. The Company is discussing entering into a collaborative arrangement with a third party to use a specific somatostatin analog for PT-5. There can be no assurance that the Company will be able to enter into a collaborative arrangement on acceptable terms, if at all. If the Company cannot conclude such arrangement, the Company will either abandon PT-5 development or seek to develop a substitute using MIDAS technology. There can be no assurance that the Company will be able to develop a substitute using MIDAS technology in a reasonable period of time, or at all. There can be no assurance that the Company’s PT-5 development program will be successful, that PT-5 will exhibit the expected biological results in humans, that PT-5 will prove to be safe and efficacious in clinical trials, that the Company will obtain the required regulatory approvals for PT-5, or that the Company or its collaborators will be successful in obtaining market acceptance of PT-5. The Company or its collaborators may encounter problems and delays relating to research and development, regulatory approval, manufacturing and marketing of PT-5.

In addition, PT-5 requires a source of radioactive rhenium, preferably rhenium-188. This isotope can be produced by a variety of methods, including a generator system; however, clinical grade radioactive rhenium is not currently available in the United States. The Company is aware of an experimental generator system developed in the United States by Oak Ridge National Laboratory, and an additional experimental generator system available in Europe. The Company does not intend to seek to commercialize any source of radioactive rhenium, but is aware of other companies seeking to commercialize radioactive rhenium. There can be no assurance that, regardless of the status of product development by the Company, any acceptable form of radioactive rhenium will ever be commercially available in the United States or other countries at acceptable prices, if at all, in which event the Company may never be able to develop or commercialize PT-5.

GOVERNMENT REGULATION; NO ASSURANCE OF PRODUCT APPROVAL. Research, development, testing, clinical trials, manufacture, distribution, advertising and marketing, including distribution and sale, of pharmaceutical products are subject to extensive regulation by governmental authorities in the United States and other countries. Prior to marketing, proposed products developed by the Company must undergo an extensive regulatory approval process required by the FDA and by comparable agencies in other countries. This process, which includes preclinical studies and clinical trials of each proposed product to establish safety and effectiveness and confirmation by the FDA that good laboratory, clinical and manufacturing practices were maintained during testing and manufacturing, can take many years, requires the expenditure of substantial resources and gives larger companies with greater financial resources a competitive advantage over the Company. To date, no proposed product being evaluated by the Company has been submitted for approval or approved by the FDA or any other regulatory authority for marketing, and there can be no assurance that any such product will ever be submitted or approved for marketing or that
the Company will be able to obtain the labeling claims desired for its products. The Company is and will continue to be dependent upon the laboratories and medical institutions conducting its preclinical studies and clinical trials to maintain both good laboratory and good clinical practices. Data obtained from preclinical studies and clinical trials are subject to varying interpretations which could delay, limit or prevent FDA regulatory approval. Delays or rejections may be encountered based upon changes in FDA policy for drug approval during the period of development and FDA regulatory review. Similar delays also may be encountered in foreign countries.

There can be no assurance that FDA or other regulatory approval for any products developed by the Company will be granted on a timely basis, if at all. Delay in obtaining or failure to obtain such regulatory approvals will materially adversely affect the introduction and marketing of any products which may be developed by the Company as well as the Company’s results of operations.

When and if approvals are granted, the Company, the approved drug, the manufacture of such drug and the facilities in which such drug is manufactured are subject to ongoing regulatory review. Subsequent discovery of previously unknown problems may result in restriction on a product’s use or withdrawal of the product from the market. Adverse government regulation that might arise from future legislative or administrative action, particularly as it relates to health care reform and product pricing, cannot be predicted.

NO COMMERCIAL MANUFACTURING CAPABILITY OR EXPERIENCE. To be successful, the Company’s products must be manufactured in commercial quantities under GMP requirements prescribed by the FDA and at acceptable costs. The Company has not yet manufactured any pharmaceutical products in commercial quantities and currently does not have the facilities to manufacture any products in commercial quantities under GMP. In the event the Company determines to establish a manufacturing facility, it will require substantial additional funds, the hiring and retention of significant additional personnel and compliance with extensive regulations applicable to such a facility. The Company has no experience in commercial pharmaceutical manufacturing, and there can be no assurance that the Company will be able to establish such a facility successfully and, if established, that it will be able to manufacture products in commercial quantities for sale at competitive prices. If the Company determines to rely on collaborators, licensees or contract manufacturers for the commercial manufacture of its products, the Company will be dependent on such corporate partners or other entities for, and will have only limited control over, the commercial manufacturing of its products. While the Company has entered into manufacturing arrangements as to certain portions of the manufacture of LeuTech under GMP, there can be no assurance that the contract manufacturer will perform as agreed or will remain in the contract manufacturing business for the time required by the Company, or that the Company will be able to enter into such manufacturing arrangements as to remaining portions of the manufacture of LeuTech. There can be no assurance that the Company will be able to enter into any such manufacturing arrangements as to its other proposed products on acceptable terms, if at all.
LIMITED CLINICAL TRIAL EXPERIENCE. Before obtaining required regulatory approvals for the commercial sale of its proposed products, the Company must demonstrate through clinical trials that such products are safe and efficacious for use. The initiation and completion of clinical trials is dependent upon many factors, including FDA acquiescence, the availability of qualified clinical investigators and access to suitable patient populations. Delays in initiating and completing clinical trials may result in increased trial costs and delays in FDA submissions, which could have a material adverse effect on the Company. To date, the Company has very limited experience in conducting clinical trials. The Company will either need to rely on third parties to design and conduct any required clinical trials or expend resources to hire additional personnel to administer such clinical trials. There can be no assurance that the Company will be able to find appropriate third parties to design and conduct clinical trials or that it will have the resources to hire personnel to administer clinical trials in-house.

A number of companies in the biotechnology and pharmaceutical industries have suffered significant setbacks in clinical trials, even after showing promising results in earlier studies or trials. There can be no assurance that the Company will not encounter problems in its clinical trials that will cause the Company to delay or suspend its clinical trials, that the clinical trials of its proposed products will be completed at all, that such testing will ultimately demonstrate the safety or efficacy of such proposed products or that any proposed products will receive regulatory approval on a timely basis, if at all. If any such problems occur, there would be a material adverse effect on the Company.

LIMITED MARKETING, DISTRIBUTION OR SALES CAPABILITY AND EXPERIENCE. The Company has limited experience in marketing pharmaceutical products, including distribution and selling of pharmaceutical products, and will have to develop a sales force and/or rely on collaborators or licensees or on arrangements with others to provide for the marketing, distribution, and sales of its proposed products. There can be no assurance that the Company will be able to establish marketing, distribution and sales capabilities or make arrangements with third parties to perform such activities on acceptable terms, which may result in the lack of control by the Company over the marketing, distribution and sales of its proposed products. In addition, there can be no assurance that the Company or any third party will be successful in marketing, distributing or selling any products. Furthermore, the Company will compete with many other companies that currently have extensive and well-funded marketing, distribution and sales operations.

COMPETITION. The biopharmaceutical and radiopharmaceutical industries are highly competitive. In the biopharmaceutical industry, there are a number of companies developing peptide-based drugs, including companies exploring a number of different approaches to making conformationally-constrained short peptides for use as therapeutic drugs. In the radiopharmaceutical industry, there are several companies devoted to development and commercialization of monoclonal antibody-based products and peptide-based products. The Company is likely to
encounter significant competition with respect to its proposed products currently under development. Many of the Company's competitors which are engaged in the biopharmaceutical field, and in particular the development of peptide-based products, have substantially greater financial and technological resources and marketing capabilities than the Company, and have significantly greater experience in research and development. Many of the Company's competitors which are engaged in the radiopharmaceutical field, and in particular the development of antibody- and peptide-based products, have greater financial and technological resources and marketing capabilities than the Company, and have significantly greater experience in research and development. Accordingly, the Company's competitors may succeed in developing products and underlying technologies more rapidly than the Company, and in developing products that are more effective and useful and are less costly than any that may be developed by the Company, and may also be more successful than the Company in manufacturing and marketing such products. Academic institutions, hospitals, governmental agencies and other public and private research organizations are also conducting research and seeking patent protection and may develop competing products or technologies on their own or through collaborative arrangements.

The Company is aware of at least one company developing an antibody-based product which may compete with LeuTech as to certain indications, which product is marketed in certain European countries and for which regulatory approval is pending in the United States. The Company is also aware of another company developing a peptide-based product which may also compete with LeuTech as to certain indications. The Company is aware of a number of companies developing technologies relating to the use of peptides as drugs, including a variety of different approaches to making conformationally-constrained short peptides.

The Company is pursuing areas of product development in which there is the potential for extensive technological innovation in relatively short periods of time. Rapid technological change or developments by others may result in the Company's proposed products becoming obsolete or non-competitive.

DEPENDENCE ON THIRD-PARTY REIMBURSEMENT. Successful sales of the Company's proposed products in the United States and other countries will depend on the availability of adequate reimbursement from third-party payors such as governmental entities, managed care organizations and private insurance plans. Reimbursement by a third-party payor may depend on a number of factors, including the payor's determination that use of a product is safe and efficacious, neither experimental nor investigational, medically necessary, appropriate for the specific patient and cost effective. Since reimbursement approval is required from each payor individually, seeking such approvals is a time-consuming and costly process. Third-party payors routinely limit reimbursement coverage and in many instances are exerting significant pressure on medical suppliers to lower their prices. There is significant uncertainty concerning third-party reimbursement for the use of any pharmaceutical product incorporating new technology, and there is no assurance that third-party reimbursement will be available for the Company's proposed products, or that such reimbursement, if obtained, will be adequate. Less than full reimbursement by governmental and other third-party payors for the Company's products would adversely affect the market acceptance of these products and would also have a material adverse effect on the Company. Further, health care reimbursement systems vary from
country to country, and there can be no assurance that third-party reimbursement will be made available for the Company's proposed products under any other reimbursement system.

HEALTH CARE REFORM. The health care industry is undergoing fundamental change in the United States as a result of economic, political and regulatory influences. There exists a powerful trend toward managed care that is motivated by a desire to reduce costs and prices of health care. The Company anticipates that the health care industry, particularly insurance companies and other third-party payors, will continue to promote cost containment measures and alternative health care delivery systems, and political debate of these issues will most likely continue. The Company cannot predict which specific reforms will be proposed or adopted by industry or government or the precise effect that such proposals or adoption may have on the Company. There can be no assurance that health care reform initiatives will not have a material adverse effect on the Company.

CONDUCTING BUSINESS ABROAD. To the extent the Company conducts business outside the United States, it may do so through licenses, joint ventures or other contractual arrangements for the development, manufacturing and marketing of its proposed products. No assurance can be given that the Company will be able to establish suitable arrangements, that the necessary foreign regulatory approvals for its proposed product will be obtained, that foreign patent coverage will be available or that the development and marketing of its proposed products through such licenses, joint ventures or other contractual arrangements will be successful. The Company might also have greater difficulty obtaining proprietary protection for its proposed products and technologies outside the United States and enforcing its rights in foreign courts. Furthermore, international operations and sales may be limited or disrupted by the imposition of governmental controls regulation of medical products, export license requirements, political instability, trade restrictions, changes in tariffs, exchange rate fluctuations and difficulties in managing international operations.

RISK OF LIABILITY; ADEQUACY OF INSURANCE COVERAGE; RISK OF PRODUCT RECALL. The Company's business may be affected by potential product liability risks which are inherent in the testing, manufacturing and marketing of proposed pharmaceutical products to be developed by the Company. There can be no assurance that product liability claims will not be asserted against the Company, its collaborators or licensees. The use of proposed products developed by the Company in clinical trials and the subsequent sale of such proposed products is likely to cause the Company to bear all or a portion of those risks. Such litigation claims could have a material adverse effect on the Company. The Company has liability insurance providing up to $1,000,000 coverage per occurrence and in the aggregate as to certain clinical trial risks, and will seek to obtain additional product liability insurance before the commercialization of its products. There can be no assurance, however, that insurance will be available to the Company on acceptable terms, if at all, or that such coverage once obtained would be adequate to protect the Company against future claims or that a medical malpractice or other claim would not
materially and adversely affect the Company. Furthermore, there can be no assurance that any collaborators or licensees of the Company will agree to indemnify the Company, be sufficiently insured or have a net worth sufficient to satisfy any such product liability claims. In addition, products such as those proposed to be sold by the Company may be subject to recall for unforeseen reasons. Such a recall could have a material adverse effect on the Company.

DEPENDENCE ON KEY MANAGEMENT AND QUALIFIED PERSONNEL; LIMITED PERSONNEL; DEPENDENCE ON CONTRACTORS. The Company is highly dependent upon the efforts of its management. The loss of the services of one or more members of management could impede the achievement of development objectives. Due to the specialized scientific nature of the Company's business, the Company is also highly dependent upon its ability to attract and retain qualified scientific and technical personnel. There is intense competition for qualified personnel in the areas of the Company's activities and there can be no assurance that the Company can presently, or will be able to continue to, attract and retain the qualified personnel necessary for the development of its existing business and its expansion into areas and activities requiring additional expertise. In addition, the Company's intended or possible growth and expansion into areas requiring additional skill and expertise, such as marketing, including sales and distribution, will require the addition of new management personnel and the development of additional expertise by existing management personnel. The loss of, or failure to recruit, scientific, technical and marketing and managerial personnel could have a material adverse effect on the Company.

The Company relies, in substantial part, and for the foreseeable future will rely, on certain independent organizations, advisors and consultants to provide certain services, including substantially all aspects of manufacturing, regulatory approval and clinical management. There can be no assurance that the services of independent organizations, advisors and consultants will continue to be available to the Company on a timely basis when needed, or that the Company could find qualified replacements. The Company's advisors and consultants generally sign agreements that provide for confidentiality of the Company's proprietary information. However, there can be no assurance that the Company will be able to maintain the confidentiality of the Company's technology, the dissemination of which could have a material adverse effect on the Company.

HAZARDOUS MATERIALS; COMPLIANCE WITH ENVIRONMENTAL REGULATIONS. The Company's research and development involves the controlled use of hazardous materials, chemicals and various radioactive compounds. Although the Company believes that its safety procedures for handling and disposing of such materials comply with the standards prescribed by federal, state and local regulations, the risk of accidental contamination or injury from these materials cannot be completely eliminated. In the event of such an accident, the Company could be held liable for any damages that result and any such liability could exceed the resources of the Company. The Company may incur substantial costs to comply with environmental regulations if the Company develops manufacturing capacity. In addition, there can be no assurance that current or future environmental laws,
RULES, REGULATIONS OR POLICIES WILL NOT HAVE A MATERIAL ADVERSE EFFECT ON THE COMPANY.

SHARES ELIGIBLE FOR FUTURE SALE; EFFECT ON ABILITY TO RAISE CAPITAL. Of the 3,051,463 shares of Common Stock outstanding, 2,846,412 are freely tradable, and are not subject to any restrictions, either under securities laws or under lock-up or other agreements. Additional Common Stock, including shares issuable upon exercise of options and the outstanding warrants, may become eligible for sale in the public market from time to time in the future. Currently, warrants to purchase 720,837 shares of Common Stock or securities convertible into Common Stock, at prices ranging from $.22 to $282.00 per share, with an average weighted price of $6.80 per share, are outstanding, and options to purchase 838,124 shares of Common Stock, at prices ranging from $.20 to $360.00 per share, with an average weighted price of $8.00 per share, are outstanding. The total number of the Registered Shares is 6,634,432 shares, of which 3,055,509 are Contingent Shares. Furthermore, the Company may file one or more registration statements on Form S-8 to register shares of Common Stock available for issuance under the Company's 1996 Stock Option Plan, and certain other option grants and options assumed by the Company in the Merger. Many of the foregoing options and warrants are likely to be exercised at a time when the Company might be able to obtain additional equity capital on more favorable terms. While those options and warrants are outstanding, they may adversely affect the terms on which the Company could obtain capital. The Company cannot predict the effect, if any, that market sales of Common Stock, the exercise of options or warrants, or the availability of such Common Stock for sale will have on the market price prevailing from time to time. Furthermore, certain holders of the Company's securities have the right to cause the Company to register their Common Stock under the Securities Act in the future, which could cause the Company to incur substantial expense, could affect the Company's ability to raise capital and also materially and adversely affect the prevailing market price of the Company's Common Stock.

ANTI-TAKEOVER CONSIDERATIONS. The Company's Restated Certificate of Incorporation, as amended (the "Certificate of Incorporation"), authorize the issuance of up to 10,000,000 shares of preferred stock, par value $.01 per share ("Preferred Stock"), of which 264,000 are authorized for issuance as shares of Series A Convertible Preferred Stock. See "Description of Securities." The Company's Board of Directors has the authority, without action by the Company's stockholders, to issue shares of preferred stock, and to fix the rights and preferences of such preferred stock, except as limited in the Certificate of Designation relating to the Series A Convertible Preferred Stock. Accordingly, the Board of Directors is empowered, without stockholder approval, to issue a new series of preferred stock with dividend, liquidation, conversion, voting or other rights which could adversely affect the voting power or other rights of the holders of Common Stock. Such authority, together with certain provisions of Delaware law and of the Company's Certificate of Incorporation and bylaws, may have the effect of delaying, deterring or preventing a change in control of the Company, may discourage bids for the Company's Common Stock at a premium over the market
price and may adversely affect the market price, and the voting and other rights of the holders, of the Common Stock. Although the Company has no present intention to issue any additional shares of its preferred stock, other than those already authorized for issuance upon exercise of the Preferred Stock Placement Warrants, there can be no assurance that the Company will not do so in the future.

NO DIVIDENDS. The Company has not paid cash dividends on its Common Stock since its inception and does not intend to pay any dividends on its Common Stock in the foreseeable future. The Series A Convertible Preferred Stock has a dividend preference.

EQUITY DILUTION. Purchasers of the Registered Shares will experience immediate and substantial dilution of their investment with respect to the net tangible book value per share of Common Stock.

POTENTIAL CONVERSION PRICE RESET OF SERIES A CONVERTIBLE PREFERRED STOCK. In 1997, the Company consummated an offering of units consisting of shares of Series A Convertible Preferred Stock. The 137,780 shares of Series A Convertible Preferred Stock sold in the offering, and the 13,778 shares issuable upon exercise of the Preferred Stock Placement Warrants, are convertible, at the option of the holders, into shares of Common Stock, at a conversion price of $4.96 and stated value of $100 per share of Series A Convertible Preferred Stock. The conversion price is subject to a reset upon the happening of certain events. Any decrease in the conversion price applicable to the Series A Convertible Preferred Stock would result in the issuance of additional shares of Common Stock, including some or all of the Contingent Shares, and would have a dilutive effect. The conversion price is also subject to adjustment under certain circumstances. See “Description of Securities.”

CERTAIN INTERLOCKING RELATIONSHIPS; POTENTIAL CONFLICTS OF INTEREST. Certain of the directors of the Company are officers or directors of Paramount or of Paramount Capital Investments, LLC (“Paramount Capital Investments”). Paramount Capital Investments is a merchant bank and venture capital firm specializing in biotechnology and biopharmaceutical companies. In the regular course of its business, Paramount Capital Investments identifies, evaluates and pursues investment opportunities in biomedical and pharmaceutical products, technologies and companies. Generally, Delaware corporate law requires that any transactions between the Company and any of its affiliates be on terms that, when taken as a whole, are substantially as favorable to the Company as those then reasonably obtainable from a person who is not an affiliate in an arms-length transaction. Nevertheless, neither Paramount Capital Investments nor any other person is obligated pursuant to any agreement or understanding with the Company to make any additional products or technologies available to the Company, and there can be no assurance, and purchasers of the Common Stock should not expect, that any biomedical or pharmaceutical product or technology identified by Paramount Capital Investments or any other person in the future will be made available to the Company. In addition, certain of the officers, directors, consultants and advisors to the Company may from time to time serve as officers, directors, consultants or advisors to other biopharmaceutical or biotechnology companies. There can be no assurance that such other companies will not in the future have interests in conflict with those of the Company.

CONTROL BY OFFICERS, DIRECTORS, AND EXISTING STOCKHOLDERS. The Company’s executive officers, directors, five percent (5%) stockholders and affiliated entities together hold approximately 21.8% of the voting power based on stock
outstanding as of the date of this Prospectus, and hold options or warrants to acquire a significant additional number of shares of Common Stock and Series A Convertible Preferred Stock. As a result, these stockholders, acting together, will be able to influence significantly most matters requiring approval by the stockholders of the Company, including the election of directors. Such a concentration of ownership may have the effect of delaying or preventing a change in control of the Company, including transactions in which stockholders might otherwise receive a premium for their shares over then current market prices. Such stockholders may influence corporate actions, including influencing elections of directors and significant corporate events.

RISK OF LOSS IN LAWSUIT. The Company and one of its subsidiaries, Interfilm Technologies, Inc., are the plaintiffs in a lawsuit against Sony Corporation of America and certain of its affiliates and subsidiaries (collectively, "Sony") for breach of contract and breach of duty of good faith and fair dealing (the "IT Litigation"). In November 1996, Sony asserted two counterclaims in the IT Litigation. The complaint and counterclaims relate solely to the business activities of the Company prior to the Merger. The IT Litigation is under the control of and at the expense of an unaffiliated limited liability partnership (the "Partnership"), and is solely for the benefit of the Company's pre-Merger stockholders as of June 21, 1996. Based upon the opinion of the Company's counsel of record in the IT Litigation, the Company believes that the counterclaims are without merit. However, the Company may be liable in the event that a judgment is rendered against the Company on the counterclaims, and the assets of the Partnership may not be sufficient to provide full indemnification.

USE OF PROCEEDS

The Company will not receive any proceeds from the sale of the Registered Shares.

DESCRIPTION OF SECURITIES

The Company is authorized to issue 75,000,000 shares of Common Stock and 10,000,000 shares of Preferred Stock.

COMMON STOCK

As of the date of this Prospectus, there are 3,051,463 shares of Common Stock outstanding, and a maximum of 4,297,017 shares of Common Stock issuable on conversion or exercise of securities convertible into or exercisable for Common Stock, and 3,055,509 Contingent Shares issuable on conversion of Series A Convertible Preferred Stock assuming the maximum decrease, under certain assumed circumstances, from the current conversion price. Holders of Common Stock have one vote per share and have no preemption rights. Holders of Common Stock have
the right to participate ratably in all distributions, whether of dividends or assets in liquidation, dissolution or winding up, subject to any superior rights of holders of Preferred Stock outstanding at the time.

SERIES A CONVERTIBLE PREFERRED STOCK

One series of 264,000 shares of Preferred Stock has been established, the Series A Convertible Preferred Stock, of which 137,780 shares are outstanding and 13,778 shares are issuable upon exercise of the Preferred Stock Placement Warrants.

Optional Conversion. Each share of Series A Convertible Preferred Stock is convertible at any time, at the option of the holder, into the number of shares of Common Stock equal to $100 divided by the "Conversion Price" (as defined in the Certificate of Designations for the Series A Convertible Preferred Stock). The current Conversion Price is $4.96, so each share of Series A Convertible Preferred Stock is currently convertible into approximately 20.2 shares of Common Stock (fractional shares will be cashed out on conversion, and do not vote). The Conversion Price is subject to adjustment as described below.

Mandatory Conversion. Commencing May 9, 1998, the Company may, at its option, cause the conversion of the Series A Convertible Preferred Stock, in whole or in part, on a pro rata basis, into Common Stock at the conversion rate in effect at that time, if the closing bid price of the Common Stock has exceeded 200% of the then applicable Conversion Price for at least twenty (20) trading days in any thirty (30) consecutive trading day period ending three (3) days prior to the date of conversion.

Adjustments to the Conversion Price. The Conversion Price is subject to adjustment, under certain circumstances, upon the sale or issuance of Common Stock for consideration per share less than either (i) the Conversion Price in effect on the date of such sale or issuance, or (ii) the market price of the Common Stock as of the date of such sale or issuance. The Conversion Price is also subject to adjustment upon the occurrence of a merger, reorganization, consolidation, reclassification, stock dividend or stock split which will result in an increase or decrease in the number of shares of Common Stock outstanding.

Conversion Price Reset Event. The Conversion Price is subject to adjustment on May 9, 1998 (the "Reset Date") if the average closing bid price of the Common Stock for the thirty (30) consecutive trading days immediately preceding the Reset Date (the "Reset Trading Price") is less than 130% of the then applicable Conversion Price (a "Reset Event"). Upon a Reset Event, the Conversion Price will be reduced to greater of (i) the Reset Trading Price divided by 1.3 or (ii) 50% of the Conversion Price in effect before the Reset Event. The 3,055,509 Contingent Shares included in the Registered Shares assumes that the Conversion Price in effect before the Reset Event is $4.96 and that the Reset Trading Price is less than $3.22.
SELLING STOCKHOLDERS

This Prospectus offers the Registered Shares for resale by Selling Stockholders who have acquired or will acquire Common Stock issued: (i) on conversion at the current Conversion Price of Series A Convertible Preferred Stock; (ii) on conversion at the current Conversion Price of Series A Convertible Preferred Stock acquired on exercise of Preferred Stock Placement Warrants, which Preferred Stock Placement Warrants were issued to designees of Paramount, are exercisable at $110 per share of Series A Convertible Preferred Stock on November 9, 1997 or, as to certain designees, February 9, 1998, and which expire November 9, 2002 and contain cashless exercise and anti-dilution provisions; (iii) as Contingent Shares on conversion of Series A Convertible Preferred Stock in the event of a Reset Event or other decrease in the Conversion Price; (iv) on exercise of Class C Warrants issued by RhoMed in connection with the Merger, exercisable at approximately $8.68 per share, and which expire June 24, 2000 and contain call and anti-dilution provisions; (v) on exercise of Common Stock Placement Warrants issued by RhoMed to designees of Paramount, exercisable at approximately $6.51 per share of Common Stock, and which expire June 25, 2006 and contain cashless exercise and anti-dilution provisions; (vi) on exercise of Class B Warrants issued by RhoMed in connection with a private offering, exercisable at approximately $2.71 per share, and which expire at various dates between December 8, 2005 and February 15, 2006 and contain call and anti-dilution provisions; (vii) on exercise of Class B Placement Warrants issued by RhoMed to designees of Paramount, exercisable at approximately $6.51 per share, and which expire February 15, 2006 and contain cashless exercise and anti-dilution provisions; (viii) on exercise of Class A Warrants issued by RhoMed in connection with a private offering, exercisable at approximately $0.22 per share, and which expire at various dates between August 10, 2005 and September 13, 2005 and contain anti-dilution provisions; (ix) on exercise of Class A Placement Warrants issued by RhoMed to designees of Paramount, exercisable at approximately $0.22 per share, and which expire September 13, 2005 and contain cashless exercise, redemption and anti-dilution provisions. As of the date of this Prospectus, the Company has issued 55,296 shares of Common Stock on exercise of Class A Warrants, and has issued no shares of Common Stock on conversion of any Series A Convertible Preferred Stock or exercise of any Preferred Stock Placement Warrant, Common Stock Placement Warrant, Class C Warrant, Class B Warrant, Class B Placement Warrant, Class A Placement Warrant or Financial Services Advisory Agreement Warrant.

Common Stock ownership information in the following table is based solely upon (i) information furnished to the Company by Selling Stockholders, (ii) reports furnished to the Company pursuant to the rules of the Commission and (iii) as appears on the Company's stock ownership records.

The following table sets forth as of the date of this Prospectus (i) the name of each Selling Stockholder, (ii) the number of shares of Common Stock (including Common Stock issuable on conversion of Series A Convertible Preferred Stock and on exercise of all warrants for Registered Shares) which each holder owns or has the right to
acquire before the Offering (excluding Contingent Shares), (iii) the number of Contingent Shares issuable upon a decrease in the Conversion Price of Series A Convertible Preferred Stock (see "Description of Securities"), (iv) the number of shares of Common Stock included in this Registration Statement, (v) the number of shares of Common Stock which each holder will own following the completion of the Offering and (vi) the percentage of shares of Common Stock which each holder will own following the completion of the Offering (assuming the sale of all stock offered and no other dispositions or acquisitions of Common Stock). Except as noted, no Selling Stockholder has had, within the past three years, any position, office or other material relationship with the Company or any of the Company's predecessors or affiliates. Due to lock-up agreements, not all of the Common Stock listed below as being offered is available for sale as of the date of this Prospectus. See "Plan of Distribution -- Lock-Up Agreements."
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<th>NAME OF SELLING STOCKHOLDER</th>
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SHARES OF COMMON STOCK OWNED OR ISSUABLE BEFORE OFFERING (EXCLUDING CONTINGENT SHARES) VS. SHARES REGISTERED COMMON STOCK OWNED OR ISSUABLE AFTER OFFERING (EXCLUDING CONTINGENT SHARES)

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<th>ISSUABLE</th>
<th>SHARES</th>
<th>ISSUABLE</th>
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| Hight, Randall W.           | 5,040  | 5,040    | 5,040  | 0        | *
| Hirschfield, Jack           | 2,520  | 2,520    | 2,520  | 0        | *
| Hughes, Mary Jo             | 15,120 | 15,120   | 15,120 | 0        | *
| J.F. Shea Co., Inc. as Nominee | 100,806 | 100,806 | 100,806 | 0        | *
| J.M. Hull Associates, LP    | 40,322 | 40,322   | 40,322 | 0        | *
| Jackson Hole Investment Acquisition, L.P. | 6,912 | 0 | 6,912 | 0 | *
| JDK Partners, LP            | 20,161 | 20,161   | 20,161 | 0        | *
| Johnson, Christopher A. & Hilary L. | 1,008 | 1,008   | 1,008  | 0        | *
| Joyce, Michael              | 5,040  | 5,040    | 5,040  | 0        | *
| Kane, Patrick M.            | 10,080 | 10,080   | 10,080 | 0        | *
| Kash, Peter (3)             | 19,272 | 5,110    | 19,272 | 0        | *
| Kass, Amram, P.C. Defined Benefit | 20,621 | 20,161 | 20,621 | 0 | *
| Katzmann, Scott (3)         | 40,560 | 24,407   | 40,560 | 0        | *
| Kelly, Edward Justin        | 11,232 | 10,080   | 11,232 | 0        | *
| Kendall, Jr., Donald R.     | 5,040  | 5,040    | 5,040  | 0        | *
| Kennedy, John R.            | 10,080 | 10,080   | 10,080 | 0        | *
| Kessel, Daniel, M.D.        | 3,456  | 0        | 3,456  | 0        | *
| Kessel, Lawrence J.         | 3,456  | 0        | 3,456  | 0        | *
| Keys Foundation, Curacae,   | 40,322 | 40,322   | 40,322 | 0        | *
| Knox, John (3)              | 3,849  | 2,981    | 3,499  | 350      | *
| Knox, James & Farideh       | 4,032  | 4,032    | 4,032  | 0        | *
| Kohut, Richard              | 5,040  | 5,040    | 5,040  | 0        | *
| Korniewicz, Frederick J.    | 5,040  | 5,040    | 5,040  | 0        | *
| Korovin, M.D., Gwen S.      | 5,040  | 5,040    | 5,040  | 0        | *
| Kotel, Ira L.               | 4,032  | 4,032    | 4,032  | 0        | *
| Kratchman, Martin S. (3)    | 2,167  | 2,167    | 2,167  | 0        | *

* indicates less than one percent
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<th>SHARES OF COMMON STOCK REGISTERED OR CONTINGENT AFTER OFFERING</th>
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<th>PERCENT OF COMMON STOCK REGISTERED OR CONTINGENT AFTER OFFERING</th>
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* indicates less than one percent
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<th>NAME OF SELLING STOCKHOLDER</th>
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<th>SHARES OF COMMON STOCK OWNED OR ISSUABLE AFTER OFFERING (EXCLUDING CONTINGENT SHARES)</th>
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* indicates less than one percent

(1) Formerly employed by and/or associated with Paramount.

(2) Aries Domestic Fund, L.P. and The Aries Trust share voting and investment power as to their shares with Lindsay A. Rosenwald, M.D. and Paramount Capital Asset Management, Inc. Dr. Rosenwald is the President of Paramount and is the President, Chairman of the Board and sole shareholder of Paramount Capital Asset Management, Inc., the general partner of Aries Domestic Fund, L.P. and the investment manager of The Aries Trust. Paramount Capital Asset Management, Inc. and Dr. Rosenwald disclaim beneficial ownership of the shares held by Aries Domestic Fund, L.P. and The Aries Trust except to the extent of their pecuniary interest therein, if any.

(3) Employees, salespersons or other affiliates of Paramount.

(4) Bioquest Venture Leasing Partnership L.P. is the designee of Aberlyn
Holding Co., Inc., which is, with its affiliates, the Company's largest creditor.

(5) Robert G. Rehme, President of Cinco De Mayo, Ltd., was a director of the Company before the Merger.

(6) William I. Franzblau was a director and chief executive officer of the Company before the Merger.

(7) Lindsay A. Rosenwald, M.D. is the Chairman of the Board and President of Paramount and is the President, Chairman of the Board and sole shareholder of Paramount Capital Asset Management, Inc.

(8) Carl A. Spana is the grandfather of Carl Spana, Ph.D., a director and Executive Vice President of the Company.

(9) Lawrence L. Kuppin, general partner of Vivaldi, Ltd., was a director of the Company before the Merger.

(10) Michael S. Weiss is a director of the Company and a Senior Managing Director of Paramount.

**PLAN OF DISTRIBUTION**

Selling Stockholders may, but are not required to, sell Registered Shares from time to time directly to purchasers or through underwriters, brokers, dealers or agents. Selling Stockholders will pay any underwriting discounts or commissions applicable to the sale of the Registered Shares. Selling Stockholders may sell Registered Shares on a securities exchange, in the over-the-counter market, in privately negotiated transactions, or in a combination of these methods, without notice to the Company. If a Selling Stockholder intends to sell Registered Shares by any other method or transaction, the Selling Stockholder must give the Company notice at least five business days in advance. Selling Stockholders must sell Registered Shares in accordance with the Registration Statement and must comply with the prospectus delivery requirements of the Securities Act. Selling Stockholders must discontinue disposition of Registered Shares during certain limited periods when (i) the Company is required to supplement or amend this Prospectus, (ii) the Company is engaging in a primary underwritten offering, or (iii) the Company determines that disclosure of material undisclosed information required in a prospectus would have an adverse effect on the Company or is otherwise inadvisable.

There can be no assurance that the Selling Stockholders will sell any or all of the Registered Shares offered by them hereunder.

The Registered Shares which are issued on conversion of shares of Series A
Convertible Preferred Stock other than those issued on exercise of Preferred Stock Placement Warrants (the "Lock-up Shares") are subject to a partial, diminishing lock-up agreement for up to nine (9) months after the effective date of the Registration Statement (the "Effective Date"). Without the prior written consent of Paramount, holders of Lock-up Shares may not directly or indirectly sell or otherwise dispose of the Lock-up Shares according to the following schedule: 75% of Lock-up Shares are subject to lock-up until three (3) months after the Effective Date; 50% of Lock-up Shares are subject to lock-up until six (6) months after the Effective Date; 25% of Lock-up Shares are subject to lock-up until nine (9) months after the Effective Date; and the remaining 25% of the Lock-up Shares are not subject to any restriction.

The Company has registered the Registered Shares (the "Registration") under the Securities Act on behalf of the Selling Stockholders, pursuant to registration rights contained in the agreements by which each Selling Stockholder acquired Registered Shares or securities convertible into or exercisable for Registered Shares. The Company will pay all expenses of the Registration, and of qualification or exemption of the Registered Shares under state securities laws, excluding fees of legal counsel for Selling Stockholders. The Company is obligated to use its best efforts to keep the Registration effective until the Selling Stockholders have completed the distribution described in this Prospectus. Whether or not the Selling Stockholders have completed the described distribution, the Company may cease to keep the Registration effective with respect to a Selling Stockholder's Registered Shares at any time when such Selling Stockholder may sell all of such Selling Stockholder's Registered Shares under Rule 144 under the Securities Act (or other exemption from the registration requirements of the Securities Act acceptable to the Company) in a three-month period.

Selling Stockholders and any broker-dealers that participate in the sale of the Registered Shares may be deemed to be "underwriters" within the meaning of Section 2(11) of the Securities Act and any commission received by them and any profit on the resale of the Registered Shares as principal may be deemed to be underwriting discounts and commissions under the Securities Act. The Company will inform the Selling Stockholders that terms and arrangements of any underwritten offering must be filed with the National Association of Securities Dealers, Inc. ("NASD") for its review pursuant to Section 2710 of the NASD's Corporate Financing Rules.

The Company has, as of the date of this Prospectus, informed the Selling Stockholders that the anti-manipulation provisions of Regulation M promulgated under the Exchange Act may apply to the sales of Registered Shares. The Company will also advise the Selling Stockholders of the requirement for delivery of this Prospectus in connection with any sale of the Registered Shares.

Certain Selling Stockholders may from time to time purchase shares of Common Stock in the open market. The Company has, as of the date of this Prospectus, informed the Selling Stockholders that they should not commence any distribution of the Registered Shares unless they have terminated their purchasing of, bidding for and attempting
to induce any other person to bid for or purchase Common Stock in the open market as provided in applicable securities regulations, including Regulation M.

INDEMNIFICATION FOR SECURITIES ACT LIABILITIES

The Company has obtained a directors' and officers' liability insurance policy which covers, among other things, certain liabilities arising under the Securities Act.

In the agreements pursuant to which the Company has registered the Registered Shares in the Registration Statement, the Company has agreed, to the extent permitted by law, to indemnify each Selling Stockholder (with the exception of Bioquest Venture Leasing Partnership L.P.), control persons of Selling Stockholders and underwriters of the Registered Shares against liabilities arising out of untrue statements or omissions of material facts in the Registration Statement or this Prospectus, except to the extent that the untrue statement or omission is based on written information provided by the Selling Stockholder for inclusion in the Registration Statement or this Prospectus. Each Selling Stockholder (with the exception of Bioquest Venture Leasing Partnership L.P.) has agreed to indemnify the Company, its directors, officers and control persons, and underwriters of the Registered Shares against liabilities arising out of untrue statements or omissions of material facts in the Registration Statement or this Prospectus, but only to the extent that the untrue statement or omission is based on written information provided by the Selling Stockholder for inclusion in the Registration Statement or this Prospectus.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Company pursuant to the foregoing provisions, or otherwise, the Company has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

LEGAL MATTERS

Certain legal matters relating to the Registered Shares offered hereby will be passed upon for the Company by Rubin Baum Levin Constant & Friedman, New York, New York, counsel to the Company. Members of Rubin Baum Levin Constant & Friedman have been granted options under the 1996 Stock Option Plan to purchase an aggregate of 12,500 shares of Common Stock at an exercise price of $8.00 per share. The options are immediately exercisable and will expire on January 3, 2007.

EXPERTS

The audited financial statements incorporated by reference in this registration statement have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their report with respect thereto, and are included herein in reliance upon the authority of said firm as experts in giving
said reports.

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[OUTSIDE BACK COVER OF PROSPECTUS]

________________________________________________________________________

NO DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE INFORMATION OR TO MAKE ANY REPRESENTATIONS NOT CONTAINED IN THIS PROSPECTUS IN CONNECTION WITH THE OFFER MADE BY THIS PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR THE SELLING STOCKHOLDERS. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OF ANY SECURITIES OTHER THAN THOSE TO WHICH IT RELATES OR A SOLICITATION OF AN OFFER TO BUY ANY OF THE SECURITIES OFFERED HEREBY TO ANY PERSON IN ANY JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION WOULD BE UNLAWFUL. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALES MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF.

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6,634,432
COMMON STOCK

[GRAPHIC OMITTED]
ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The Company will bear all expenses, estimated at $105,000, incurred in connection with the registration of the Registered Shares under the Securities Act and qualification or exemption of the Registered Shares under state securities laws, excluding fees of legal counsel for any Selling Stockholder. Each Selling Stockholder will pay all underwriting discounts and selling commissions applicable to the sale of the Selling Stockholder's Registered Shares.

SEC registration fees............  $14,567
Blue Sky fees and expenses*........  $15,000
Costs of printing and engraving*...  $10,000
Legal fees and expenses*.........  $50,000
Accounting fees and expenses*.....  $5,000
Miscellaneous*.....................  $10,433

TOTAL........................................ $105,000

*Estimated.

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 145 of the Delaware General Corporation Law provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or serving at the request of the corporation in similar capacities,
against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. In the case of an action or suit by or in the right of the corporation, no indemnification shall be made with respect to any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the court having jurisdiction shall determine that such person is fairly and reasonably entitled to indemnity.

Article V, Section 3 of the Company's Certificate of Incorporation provides that to the fullest extent permitted by the Delaware General Corporation Law, no director of the Company shall be personally liable to the Company or its stockholders for monetary damages for breach of a fiduciary duty as a director.

Article VI of the Company's Certificate of Incorporation provides that the Company shall make the indemnification permitted under Section 145 of the Delaware General Corporation Law, as summarized above, but only (unless ordered by a court) upon a determination by a majority of a quorum of disinterested directors, by independent legal counsel in a written opinion, or by the stockholders, that the indemnified person has met the applicable standard of conduct. Article VI further provides that the Company may advance expenses for defending actions, suits or proceedings upon such terms and conditions as the Company's Board of Directors deems appropriate, and that the Company may purchase insurance on behalf of indemnified persons whether or not the Company would have the power to indemnify such persons under Section 145 the Delaware General Corporation Law.

The Company's Bylaws contain substantially the same indemnification provisions as the Company's Certificate of Incorporation, summarized above.

The Company's employment agreement with Edward J. Quilty requires the Company to indemnify and advance expenses to Edward J. Quilty, the Company's Chairman of the Board, President and Chief Executive Officer, to the fullest extent permitted under Section 145 of the Delaware General Corporation Law.

Each of the agreements pursuant to which Selling Stockholders acquired Registered Shares from the Company provides that the Company will indemnify each Selling Stockholder, and each Selling Stockholder will indemnify the Company, and in some cases the Company's directors, officers and control persons, against certain liabilities which might arise from the Offering. The indemnifications may cover liabilities arising under the Securities Act. The obligation of a Selling Stockholder to indemnify the Company or its affiliates is (absent fraud) limited to liabilities based on written information which the Selling Stockholder provides to the Company for inclusion in the Registration Statement.
The Company has obtained a directors' and officers' liability insurance policy which covers, among other things, certain liabilities arising under the Securities Act.

ITEM 16. EXHIBITS.

EXHIBITS

The following exhibits are filed with this Registration Statement, or incorporated by reference as noted:

2.1 Agreement and Plan of Reorganization dated as of April 12, 1996 by and between Interfilm, Inc., Interfilm Acquisition Corp. and RhoMed Incorporated. (a)

2.2 Waiver and Consent dated as of June 24, 1996, between Interfilm, Inc., Interfilm Acquisition Corp. and RhoMed Incorporated. (b)

4.1 Specimen Certificate for Common Stock. (c)


4.3 Master Lease Agreement dated November 16, 1994, between RhoMed Incorporated and Aberlyn Capital Management Limited Partnership. (b)

4.4 Letter Agreement, dated as of April 28, 1995, between Aberlyn Capital Management Limited Partnership and RhoMed Incorporated. (b)

4.5 Stock Purchase and Modification Agreement, dated as of June 24, 1996, between Aberlyn Capital Management Limited Partnership, Aberlyn Holding Company, Inc. and RhoMed Incorporated. (b)

4.6 Specimen Certificate for Series A Convertible Preferred Stock. (d)

5.1 Opinion of Rubin Baum Levin Constant & Friedman, counsel to the Company, re: legality.*

10.29 Form of Placement Agent Warrant for the Series A Convertible Preferred Stock Offering.*

10.30 Form of Financial Advisory Services Agreement Warrant.*
23.1 Consent of Rubin Baum Levin Constant & Friedman.
(Included in Exhibit 5.1.)

23.2 Consent of Arthur Andersen LLP.*

24.1 Power of Attorney (included on the signature page hereof).

27 Financial Data Schedule. (e)

NOTES TO EXHIBITS

* Filed with this Registration Statement.

(a) Incorporated by reference to Exhibit 2.1 of the Company's Form 8-K dated June 25, 1996, filed with the Commission on July 10, 1996.

(b) Incorporated by reference and previously filed as an exhibit to the Company's Form 10-KSB Annual Report for the period ended June 30, 1996, filed with the Commission on September 27, 1996.

(c) Incorporated by Reference to Exhibit 4.1 of the Company's Form 8-K dated July 19, 1996, filed with the Commission on August 9, 1996.

(d) Incorporated by reference and previously filed as an exhibit to the Company's Form 10-QSB/A Amendment No. 2 for the quarter ended March 31, 1997, filed with the Commission on July 17, 1997.

(e) Incorporated by reference and previously filed as an exhibit to the Company's Form 10-QSB Quarterly Report for the quarter ended September 30, 1997, filed with the Commission on November 14, 1997.

ITEM 17. UNDERTAKINGS.

The Company will:

(1) File, during any period in which it offers or sells securities, a post-effective amendment to this registration statement to:

   (i) Include any prospectus required by Section 10(a)(3) of the Securities Act;

   (ii) Reflect in the prospectus any facts or events which, individually or together, represent a fundamental change in the information in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered
would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the “Calculation of Registration Fee” table in the effective registration statement; and

(iii) Include any additional or changed material information on the plan of distribution.

(2) For determining liability under the Securities Act, treat each post-effective amendment as a new registration statement of the securities offered, and the offering of the securities at that time to be the initial bona fide offering thereof.

(3) File a post-effective amendment to remove from registration any of the securities that remain unsold at the end of the offering.

Part II - 3

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Princeton, State of New Jersey, on November 25, 1997.

PALATIN TECHNOLOGIES, INC.

By: /s/ Edward J. Quilty

__________________________
Edward J. Quilty
Chairman of the Board, President
and Chief Executive Officer

Part II - 4

POWER OF ATTORNEY

We, the undersigned officers and directors of Palatin Technologies, Inc., severally constitute Edward J. Quilty and Stephen T. Wills, and each of them singly, our true and lawful attorneys with full power to them, and each of them singly, to sign for us and in our names in the capacities indicated below, the
Registration Statement on Form S-3 filed herewith and any and all subsequent amendments to said registration statement, and generally to do all such things in our names and behalf in our capacities as officers and directors to enable Palatin Technologies, Inc. to comply with all requirements of the Securities and Exchange Commission.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

<table>
<thead>
<tr>
<th>SIGNATURE</th>
<th>TITLES</th>
<th>DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>/s/ Edward J. Quilty</td>
<td>Chairman of the Board, President and Chief</td>
<td>November 25, 1997</td>
</tr>
<tr>
<td>/s/ Carl Spana</td>
<td>Executive Vice President and Director</td>
<td>November 25, 1997</td>
</tr>
<tr>
<td>/s/ Stephen T. Wills</td>
<td>Vice President and Chief Financial Officer</td>
<td>November 25, 1997</td>
</tr>
<tr>
<td>/s/ Michael S. Weiss</td>
<td>Director</td>
<td>November 25, 1997</td>
</tr>
<tr>
<td>/s/ James T. O’Brien</td>
<td>Director</td>
<td>November 25, 1997</td>
</tr>
<tr>
<td>/s/ John K.A. Prendergast</td>
<td>Director</td>
<td>November 25, 1997</td>
</tr>
</tbody>
</table>
Palatin Technologies, Inc.
214 Carnegie Center, Suite 100
Princeton, New Jersey 08540

We have acted as counsel for Palatin Technologies, Inc., a Delaware corporation (the "Company"), in connection with the preparation of the Registration Statement on Form SB-2 (the "Initial Registration Statement") filed with the Securities and Exchange Commission (the "Commission") on August 13, 1997, Registration No. 333-33569, as amended by Pre-Effective Amendment No. 1 on Form S-3 to the Initial Registration Statement (the "Amendment") filed with the Commission on November 24, 1997 (the Amendment and the Initial Registration Statement are collectively referred to herein as the "Registration Statement"), under the Securities Act of 1933, as amended (the "Act"), for registration under the Act of the following securities of the Company:

1. Up to 2,777,739 shares of common stock, par value $.01 per share (the "Common Stock"), issuable upon conversion of 137,780 shares of the Company's Series A Convertible Preferred Stock, par value $0.01 per share (the "Series A Convertible Preferred Stock");

2. Up to 277,770 shares of Common Stock issuable upon conversion of 13,778 shares of Series A Convertible Preferred Stock issuable upon exercise of the Company's Preferred Stock Placement Warrants ("Preferred Stock Placement Warrants") issued to designees of Paramount Capital, Inc. (the "Placement Agent") in connection with the issuance of the Series A Convertible Preferred Stock;
3. Up to 3,055,509 additional shares of Common Stock issuable upon an adjustment in the conversion price of the Series A Convertible Preferred Stock;

4. Up to 69,122 shares of Common Stock issuable upon exercise of the Company’s Class C Warrants (“Class C Warrants”) issued in connection with the merger of a newly-formed wholly-owned subsidiary of the Company with and into RhoMed Incorporated, a New Mexico corporation (“RhoMed”), pursuant to which all of the equity securities of RhoMed were exchanged for Common Stock of the Company (the “Merger”);

5. Up to 177,788 shares of Common Stock issuable upon exercise of the Company’s Common Stock Placement Warrants (“Common Stock Placement Warrants”) issued by RhoMed to designees of the Placement Agent;

6. Up to 39,167 shares of Common Stock issuable upon exercise of the Company’s Class B Warrants (“Class B Warrants”) which were by RhoMed in connection with a private offering;

7. Up to 1,953 shares of Common Stock issuable upon exercise of the Company’s Class B Placement Warrants (“Class B Placement Warrants”) issued by RhoMed to designees of the Placement Agent;

8. Up to 138,241 shares of Common Stock issued or issuable upon exercise of the Company’s Class A Warrants (“Class A Warrants”), of which 55,296 shares of Common Stock are outstanding as of the date hereof, which were issued by RhoMed in connection with a private offering;

9. Up to 20,733 shares of Common Stock issuable upon exercise of the Company’s Class A Placement Warrants (“Class A Placement Warrants”) issued by RhoMed to designees of the Placement Agent;

10. Up to 12,500 shares of Common Stock issued upon exercise of the Company’s Financial Services Advisory Agreement Warrants (“Advisory Agreement Warrants”) issued to a designee of the Placement Agent; and

11. 63,910 shares of Common Stock issued to the designee of the Company’s largest creditor to pay accrued interest as of April 30, 1997.

As counsel to the Company, we have examined such corporate records, documents, agreements and such matters of law as we have considered necessary or appropriate for the purpose of this opinion. Upon the basis of such examination, we advise you that in our opinion:
1. Up to 2,777,739 shares of Common Stock issuable upon conversion of currently outstanding shares of Series A Convertible Preferred Stock, if and when paid for and issued upon conversion of the Series A Preferred Stock in accordance with the terms thereof, will be legally issued, fully paid and non-assessable.

2. Up to 277,770 shares of Common Stock issuable upon conversion of the Series A Convertible Preferred Stock after exercise of the Preferred Stock Placement Warrants, if and when paid for and issued upon conversion of the Series A Convertible Preferred Stock and the exercise of Preferred Stock Placement Warrants in accordance with the terms thereof, will be legally issued, fully paid and non-assessable.

3. Up to 3,055,509 shares of Common Stock issuable upon adjustment in the conversion price of the Series A Convertible Preferred Stock, if and when paid for and issued upon conversion of the Series A Convertible Preferred Stock in accordance with the terms of the Series A Convertible Preferred Stock Certificate of Designation, will be legally issued, fully paid and non-assessable.

4. Up to 69,122 shares of Common Stock issuable upon exercise of Class C Warrants, if and when paid for and issued upon conversion of Class C Warrants in accordance with the terms thereof, will be legally issued, fully paid and non-assessable.

5. Up to 177,788 shares of Common Stock issuable upon exercise of Common Stock Placement Warrants, if and when paid for and issued upon conversion of Common Stock Placement Warrants in accordance with the terms thereof, will be legally issued, fully paid and non-assessable.

6. Up to 39,167 shares of Common Stock issuable upon exercise of Class B Warrants, if and when paid for and issued upon conversion of Class B Warrants in accordance with the terms thereof, will be legally issued, fully paid and non-assessable.

7. Up to 1,953 shares of Common Stock issuable upon exercise of Class B Placement Warrants, if and when paid for and issued upon conversion of Class B Placement Warrants in accordance with the terms thereof, will be legally issued, fully paid and non-assessable.
8. Up to 138,241 shares of Common Stock issuable upon exercise of Class A Warrants (48,404 of such shares of Common Stock have been legally issued and are fully paid and non-assessable), if and when paid for and issued upon conversion of Class A Warrants in accordance with the terms thereof, will be legally issued, fully paid and non-assessable.

9. Up to 20,733 shares of Common Stock issuable upon exercise of Class A Placement Warrants have been duly authorized for issuance, if and when paid for and issued upon conversion of Class A Placement Warrants in accordance with the terms thereof, will be legally issued, fully paid and non-assessable.

10. Up to 12,500 shares of Common Stock issuable upon exercise of Advisory Agreement Warrants, if and when paid for and issued upon conversion of Advisory Agreement Warrants in accordance with the terms thereof, will be legally issued, fully paid and non-assessable.

11. The 63,910 shares of Common Stock issued to the designee of the Company’s largest creditor to pay accrued interest as of April 30, 1997, which may be sold in accordance with the provisions of the Registration Statement, have been legally issued and are fully paid and non-assessable.

We are members of the Bar of the State of New York, and the opinions expressed herein are limited to questions arising under the laws of the State of New York, the General Corporation Law of the State of Delaware and the Federal laws of the United States of America, and we disclaim any opinion whatsoever with respect to matters governed by the laws of any other jurisdiction.

We consent to the filing of this opinion as an exhibit to the Registration Statement and to the references to this firm under the caption “Legal Matters” in the Prospectus which is a part of the Registration Statement. Reference is made to the section of the Registration Statement entitled “Legal Matters” for a
description of ownership of the Company's securities by certain attorneys of this firm.

Very truly yours,

RUBIN BAUM LEVIN CONSTANT & FRIEDMAN

EX-10.29
3
FORM OF WARRANT - SERIES A PLACEMENT AGENT

[FORM OF WARRANT]

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW. SUCH SECURITIES MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH SALE OR TRANSFER IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SAID ACT.

PALATIN TECHNOLOGIES, INC.

WARRANT FOR THE PURCHASE OF SHARES OF PREFERRED STOCK

No. __ _____ Shares

FOR VALUE RECEIVED, PALATIN TECHNOLOGIES, INC., a Delaware corporation (the "COMPANY"), hereby certifies that [______________], its designee or its permitted assigns is entitled to purchase from the Company, at any time or from time to time commencing on [NOVEMBER 9, 1997] [FEBRUARY 9, 1998] and prior to 5:00 P.M., New York City time, on MAY 9, 2002, [______________] [(____)] fully paid and non-assessable shares of the Series A Convertible Preferred Stock, $.01 par value and $100.00 stated value per share, of the Company for an aggregate purchase price of [______________] [($__________)] (computed on the basis of $110.00 per share). (Hereinafter, (i) said Series A Convertible Preferred Stock, together with any other equity securities which may be issued by the Company with respect thereto (other than on conversion thereof) or in substitution thereof, is referred to as the "PREFERRED STOCK", (ii) the Common Stock, $.01 par value, of the Company, into which the Preferred Stock is convertible, is referred to as the "COMMON STOCK", (iii) the shares of the Preferred Stock purchasable hereunder or under any other Warrant (as hereinafter defined) are referred to as the "WARRANT SHARES", (iv) the shares of Common Stock purchasable hereunder or under any other Warrant (as hereinafter defined) following the conversion of all shares of Preferred Stock into Common Stock and each share of Common Stock receivable upon the conversion of the Warrant Shares
receivable upon the exercise of this Warrant are referred to as the "CONVERSION SHARES", (v) the aggregate purchase price payable for the Warrant Shares or the Conversion Shares, as the case may be, hereunder is referred to as the "AGGREGATE WARRANT PRICE", (vi) the price payable (initially $110.00 per share, subject to adjustment) for each of the Warrant Shares or the Conversion Shares, as the case may be, hereunder is referred to as the "PER SHARE WARRANT PRICE", (vii) this Warrant, all similar Warrants issued on the date hereof and all warrants hereafter issued in exchange or substitution for this Warrant or such similar Warrants are referred to as the "WARRANTS", (viii) the holder of this Warrant is referred to as the "HOLDER" and the holder of this Warrant and all other Warrants, Warrant Shares and Conversion Shares are referred to as the "HOLDERS" and Holders of more than fifty percent (50%) of the outstanding Warrants, Warrant Shares and Conversion Shares are referred to as the "MAJORITY OF THE HOLDERS") and (ix) the then Current Market Price per share (the "CURRENT MARKET PRICE") shall be deemed to be the last sale price of the Common Stock on the trading day prior to such date or, in case no such reported sales take place on such day, the average of the last reported bid and asked prices of the Common Stock on such day, in either case on the principal national securities exchange on which the Common Stock is admitted to trading or listed, or if not listed or admitted to trading on any such exchange, the representative closing sale price of the Common Stock as reported by the National Association of Securities Dealers, Inc. Automated Quotations System ("NASDAQ"), or other similar organization if NASDAQ is no longer reporting such information, or, if the Common Stock is not reported on NASDAQ, the high per share sale price for the Common Stock in the over-the-counter market as reported by the National Quotation Bureau or similar organization, or if not so available, the fair market value of the Common Stock as determined in good faith by the Board of Directors. The then "CURRENT MARKET PRICE PER SHARE OF PREFERRED STOCK" shall equal the then Current Market Price multiplied by the then effective "conversion rate" (as defined and used in the Certificate of Designation for the Preferred Stock) or if the Current Market Price is not so available, the fair market value of the Preferred Stock as determined in good faith by agreement among the Majority of the Holders and the Company's Board of Directors. The Aggregate Warrant Price is not subject to adjustment. The Per Share Warrant Price is subject to adjustment as hereinafter provided; in the event of any such adjustment, the number of Warrant Shares or Conversion Shares, as the case may be, deliverable upon exercise of this Warrant shall be adjusted by dividing the Aggregate Warrant Price by the Per Share Warrant Price in effect immediately after such adjustment.

This Warrant, together with options of like tenor, constituting in the aggregate Warrants to purchase 137,780 shares of the Preferred Stock, was originally issued pursuant to an agency agreement between the Company and Paramount Capital, Inc., as placement agent (THE "PLACEMENT AGENT") in connection with a private placement (THE "OFFERING") of 137.78 Units (THE "OFFERING UNITS"), each Offering Unit consisting of one thousand (1,000) shares of the Preferred Stock, for which the Placement Agent acted as Placement Agent.
1. EXERCISE OF WARRANT.

(a) This Warrant may be exercised, in whole at any time or in part from time to time, commencing on [November 9, 1997] [February 9, 1998] and prior to 5:00 P.M., New York City time, on May 9, 2002 by the Holder:

(i) by the surrender of this Warrant (with the subscription form at the end hereof duly executed) at the address set forth in Section 9(a) hereof, together with proper payment of the Aggregate Warrant Price, or the proportionate part thereof if this Warrant is exercised in part, with payment for Warrant Shares or Conversion Shares, as the case may be, made by certified or official bank check payable to the order of the Company; or

(ii) by the surrender of this Warrant (with the cashless exercise form at the end hereof duly executed) (a "CASHLESS EXERCISE") at the address set forth in Section 9(a) hereof. Such presentation and surrender shall be deemed a waiver of the Holder's obligation to pay the Aggregate Warrant Price, or the proportionate part thereof if this Warrant is exercised in part. In the event of a Cashless Exercise, the Holder shall exchange its Warrant for that number of Warrant Shares or Conversion Shares, as the case may be, subject to such Cashless Exercise multiplied by a fraction, the numerator of which shall be the difference between the then Current Market Price Per Share of Preferred Stock (or the Current Market Price if exercised after the Conversion Date (as defined below)) and the Per Share Warrant Price, and the denominator of which shall be the then Current Market Price Per Share of Preferred Stock (or the Current Market Price if exercised after the Conversion Date (as defined below)). For purposes of any computation under this Section 1(a), the then Current Market Price shall be based on the trading day prior to the Cashless Exercise.

(iii) by the surrender of this Warrant (with the subscription (promissory note) form at the end hereof duly executed) at the address set forth in Subsection 9(a) hereof, together with the presentation of a promissory note made payable to the corporation, duly executed and in the form at the end hereof. Such promissory note shall be secured by the securities underlying this Warrant, which shall be held in safe-keeping by the Company as collateral for such indebtedness.

(b) If this Warrant is exercised in part, this Warrant must be exercised for a number of whole shares of the Preferred Stock, (or the Common Stock following the Conversion Date) and the Holder is entitled to receive a new Warrant covering the Warrant Shares or Conversion Shares, as the case may
be, which have not been exercised and setting forth the proportionate part of the Aggregate Warrant Price applicable to such Warrant Shares or Conversion Shares, as the case may be. Upon surrender of this Warrant, the Company will (i) issue a certificate or certificates in the name of the Holder for the largest number of whole shares of the Preferred Stock (or the Common Stock following the Conversion Date) to which the Holder shall be entitled and, if this Warrant is exercised in whole, in lieu of any fractional share of the Preferred Stock (or the Common Stock following the Conversion Date) to which the Holder shall be entitled, pay to the Holder cash in an amount equal to the fair value of such fractional share (determined in such reasonable manner as the Board of Directors of the Company shall determine), and (ii) deliver the other securities and properties receivable upon the exercise of this Warrant, or the proportionate part thereof if this Warrant is exercised in part, pursuant to the provisions of this Warrant; provided, however that if this Warrant is exercised pursuant to paragraph 1(a)(iii), the Company will issue but shall not deliver such shares until such time as the promissory note and all accrued interest thereon shall have been paid in full.

(c) If this Warrant is exercised on or after the date on which all shares of Preferred Stock have been converted into shares of Common Stock (the "Conversion Date"), then this Warrant shall be exercisable only for Conversion Shares at the then applicable Per Share Warrant Price (including any adjustment pursuant to Section 3(f) below).

2. RESERVATION OF WARRANT SHARES AND CONVERSION SHARES; LISTING. The Company agrees that, prior to the expiration of this Warrant, the Company shall at all times (a) have authorized and in reserve, and shall keep available, solely for issuance and delivery upon the exercise of this Warrant, the shares of the Preferred Stock and other securities and properties as from time to time shall be receivable upon the exercise of this Warrant, free and clear of all restrictions on sale or transfer, other than under Federal or state securities laws, and free and clear of all preemptive rights and rights of first refusal and (b) have authorized and in reserve, and shall keep available, solely for issuance and delivery upon conversion of the Warrant Shares or the exercise of this Warrant for Conversion Shares, the shares of Common Stock and other securities and properties as from time to time shall be receivable upon such conversion, free and clear of all restrictions on sale or transfer, other than under Federal or state securities laws, and free and clear of all preemptive rights and rights of first refusal; and (c) if the Company hereafter lists its Common Stock on any national securities exchange, the Nasdaq National Market or the Nasdaq SmallCap Market, use its best efforts to keep the Conversion Shares authorized for listing on such exchange upon notice of issuance.

3. PROTECTION AGAINST DILUTION.
(a) If, at any time or from time to time after the date of this Warrant, the Company shall issue or distribute to the holders of shares of Preferred Stock evidence of its indebtedness, any other securities of the Company or any cash, property or other assets (excluding a subdivision, combination or reclassification, or dividend or distribution payable in shares of Preferred Stock, referred to in Section 3(b), and also excluding cash dividends or cash distributions paid out of net profits legally available therefor in the full amount thereof (any such non-excluded event being herein called a "SPECIAL DIVIDEND")), the Per Share Warrant Price shall be adjusted by multiplying the Per Share Warrant Price then in effect by a fraction, the numerator of which shall be the then Current Market Price Per Share of the Preferred Stock in effect on the record date of such issuance or distribution less the fair market value (as determined in good faith by the Company's Board of Directors) of the evidence of indebtedness, cash, securities or property, or other assets issued or distributed in such Special Dividend applicable to one share of Preferred Stock and the denominator of which shall be the then Current Market Price Per Share of the Preferred Stock in effect on the record date of such issuance or distribution. An adjustment made pursuant to this Subsection 3(a) shall become effective immediately after the record date of any such Special Dividend.

(b) In case the Company shall hereafter (i) pay a dividend or make a distribution on its capital stock in shares of Preferred Stock, (ii) subdivide its outstanding shares of Preferred Stock into a greater number of shares, (iii) combine its outstanding shares of Preferred Stock into a smaller number of shares or (iv) issue by reclassification of its Preferred Stock any shares of capital stock of the Company (other than the Conversion Shares), the Per Share Warrant Price shall be adjusted to be equal to a fraction, the numerator of which shall be the Aggregate Warrant Price and the denominator of which shall be the number of shares of Preferred Stock or other capital stock of the Company which he would have owned immediately following such action had such Warrant been exercised immediately prior thereto. An adjustment made pursuant to this Subsection 3(b) shall become effective immediately after the record date in the case of a dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or reclassification.

(c) Except as provided in Subsections 3(a) and 3(d), in case the Company shall hereafter issue or sell any Preferred Stock, any securities convertible into Preferred Stock, any rights, options or warrants to purchase Preferred Stock or any securities convertible into Preferred Stock, in each case for a price per share or entitling the holders thereof to purchase Preferred Stock at a price per share (determined by dividing (i) the total amount, if any, received or receivable by the Company in consideration of the issuance or sale of such securities plus the total consideration, if any, payable to the Company
upon exercise or conversion thereof (the "TOTAL CONSIDERATION") by (ii) the number of additional shares of Preferred Stock issued, sold or issuable upon exercise or conversion of such securities which is less than either the then Current Market Price Per Share of the Preferred Stock in effect on the date of such issuance or sale or the Per Share Warrant Price, the Per Share Warrant Price shall be adjusted as of the date of such issuance or sale by multiplying the Per Share Warrant Price then in effect by a fraction, the numerator of which shall be (x) the sum of (A) the number of shares of Preferred Stock outstanding on the record date of such issuance or sale plus (B) the Total Consideration divided by the Current Market Price Per Share of the Preferred Stock or the current Per Share Warrant Price, whichever is greater, and the denominator of which shall be (y) the number of shares of Preferred Stock outstanding on the record date of such issuance or sale plus the maximum number of additional shares of Preferred Stock issued, sold or issuable upon exercise or conversion of such securities.

(d) No adjustment in the Per Share Warrant Price shall be required in the case of the issuance by the Company of Preferred Stock (i) pursuant to the exercise of any Warrant or (ii) pursuant to the exercise of any stock options or warrants currently outstanding or securities issued after the date hereof pursuant to any Company benefit plan.

(e) In case of any capital reorganization or reclassification, or any consolidation or merger to which the Company is a party other than a merger or consolidation in which the Company is the continuing corporation, or in case of any sale or conveyance to another entity of the property of the Company as an entirety or substantially as a entirety, or in the case of any statutory exchange of securities with another corporation (including any exchange effected in connection with a merger of a third corporation into the Company), the Holder of this Warrant shall have the right thereafter to receive on the exercise of this Warrant the kind and amount of securities, cash or other property which the Holder would have owned or have been entitled to receive immediately after such reorganization, reclassification, consolidation, merger, statutory exchange, sale or conveyance had this Warrant been exercised immediately prior to the effective date of such reorganization, reclassification, consolidation, merger, statutory exchange, sale or conveyance and in any such case, if necessary, appropriate adjustment shall be made in the application of the provisions set forth in this Section 3 with respect to the rights and interests thereafter of the Holder of this Warrant to the end that the provisions set forth in this Section 3 shall thereafter correspondingly be made applicable, as nearly as may reasonably be, in relation to any shares of stock or other securities or property thereafter deliverable on the exercise of this Warrant. The above provisions of this Section 3(e) shall similarly apply to successive reorganizations, reclassifications, consolidations, mergers, statutory exchanges, sales or conveysances. The Company shall require the issuer of any shares of stock or other securities or property thereafter deliverable on the exercise of this Warrant to be responsible for all of the agreements and obligations of the Company hereunder. Notice of any such reorganization, reclassification, consolidation, merger, statutory exchange, sale or conveyance and of said provisions so proposed to be made, shall be mailed to the Holders of the Warrants not less than thirty (30) days prior to such event. A sale of all or
substantially all of the assets of the Company for a consideration consisting primarily of securities shall be deemed a consolidation or merger for the foregoing purposes.

(f) Upon the Conversion Date, the Per Share Warrant Price shall be adjusted to be equal to a fraction, the numerator of which shall be the Aggregate Warrant Price and the denominator of which shall be the number of shares of Common Stock or other capital stock of the Company which the Holder would have owned immediately following such conversion had this Warrant been exercised for Preferred Stock (assuming a cash exercise) immediately prior thereto.

(g) No adjustment in the Per Share Warrant Price shall be required unless such adjustment would require an increase or decrease of at least $0.05 per share of Preferred Stock; provided, however, that any adjustments which by reason of this Subsection 3(g) are not required to be made shall be carried forward and taken into account in any subsequent adjustment; provided, further, however, that adjustments shall be required and made in accordance with the provisions of this Section 3 (other than this Subsection 3(g)) not later than such time as may be required in order to preserve the tax-free nature of a distribution to the Holder of this Warrant or Preferred Stock issuable upon the exercise hereof. All calculations under this Section 3 shall be made to the nearest cent or to the nearest 1/100th of a share, as the case may be. Anything in this Section 3 to the contrary notwithstanding, the Company shall be entitled to make such reductions in the Per Share Warrant Price, in addition to those required by this Section 3, as it in its discretion shall deem to be advisable in order that any stock dividend, subdivision of shares or distribution of rights to purchase stock or securities convertible or exchangeable for stock hereafter made by the Company to its stockholders shall not be taxable.

(h) Whenever the Per Share Warrant Price is adjusted as provided in this Section 3 and upon any modification of the rights of a Holder of Warrants in accordance with this Section 3, the Company shall promptly prepare a brief statement of the facts requiring such adjustment or modification and the manner of computing the same and cause copies of such certificate to be mailed to the Holders of the Warrants. The Company may, but shall not be obligated to unless requested by a Majority of the Holders, obtain, at its expense, a certificate of a firm of independent public accountants of recognized standing selected by the Board of Directors (who may be the regular auditors of the Company) setting forth the Per Share Warrant Price and the number of Warrant Shares or Conversion Shares, as the case may be, after such adjustment or the effect of such modification, a brief statement of the facts requiring such adjustment or modification and the manner of computing the same and cause copies of such certificate to be mailed to the Holders of the Warrants.

(i) If the Board of Directors of the Company shall declare any dividend or
other distribution with respect to the Preferred Stock or Common Stock other than a cash distribution out of earned surplus, the Company shall mail notice thereof to the Holders of the Warrants not less than ten (10) days prior to the record date fixed for determining stockholders entitled to participate in such dividend or other distribution.

(j) If, as a result of an adjustment made pursuant to this Section 3, the Holder of any Warrant thereafter surrendered for exercise shall become entitled to receive shares of two or more classes of capital stock or shares of Preferred Stock and other capital stock of the Company, the Board of Directors (whose determination shall be conclusive and

shall be described in a written notice to the Holder of any Warrant promptly after such adjustment) shall determine the allocation of the adjusted Per Share Warrant Price between or among shares or such classes of capital stock or shares of Preferred Stock and other capital stock.

(k) For purposes of the anti-dilution protection contained in this Section 3, at all times following the conversion of all shares of Preferred Stock into shares of Common Stock, the term Preferred Stock shall be read to be Common Stock, context permitting, so that the anti-dilution provisions will continue to protect the purchase rights represented by this Warrant after the conversion of all the Preferred Stock into the Common Stock in accordance with the essential intent and principles of this Section 3 (it being understood that prior to such conversion, the anti-dilution provisions of the Preferred Stock shall protect the Holder from dilution of the Common Stock).

(l) Upon the expiration of any rights, options, warrants or conversion privileges, if such shall not have been exercised, the number of Warrant Shares purchasable upon exercise of this Warrant, to the extent this Warrant has not then been exercised, shall, upon such expiration, be readjusted and shall thereafter be such as they would have been had they been originally adjusted (or had the original adjustment not been required, as the case may be) on the basis of (A) the fact that Preferred Stock, if any, actually issued or sold upon the exercise of such rights, options, warrants or conversion privileges, and (B) the fact that such shares of Preferred Stock, if any, were issued or sold for the consideration actually received by the Company upon such exercise plus the consideration, if any, actually received by the Company for the issuance, sale or grant of all such rights, options, warrants or conversion privileges whether or not exercised; provided, however, that no such readjustment shall have the effect of decreasing the number of Conversion Shares purchasable upon exercise of this Warrant by an amount in excess of the amount of the adjustment initially made in respect of the issuance, sale or grant of such rights, options, warrants or conversion privileges.

4. FULLY PAID STOCK; TAXES. The Company agrees that the shares of the Preferred
Stock represented by each and every certificate for Warrant Shares delivered on the exercise of this Warrant and the shares of Common Stock delivered upon the conversion of the Warrant Shares or the exercise of this Warrant following the conversion of all shares of Preferred Stock into Common Stock, shall at the time of such delivery, be validly issued and outstanding, fully paid and nonassessable, and not subject to preemptive rights or rights of first refusal, and the Company will take all such actions as may be necessary to assure that the par value or stated value, if any, per share of the Preferred Stock and the Common Stock is at all times equal to or less than the then Per Share Warrant Price. The Company further covenants and agrees that it will pay, when due and payable, any and all Federal and state stamp, original issue or similar taxes which may be payable in respect of the issue of any Warrant Share, Conversion Share or any certificate thereof to the extent required because of the issuance by the Company of such security.

5. REGISTRATION UNDER SECURITIES ACT OF 1933.

(a) The Holder shall with respect to the Conversion Shares only, have the right to participate in the registration rights granted to purchasers of Preferred Stock pursuant to Article 5 of the subscription agreement (the "Subscription Agreement") between such purchasers and the Company that were entered into at the time of the initial sale of the Preferred Stock. By acceptance of this Warrant, the Holder agrees to comply with the provisions in Article 5 of the Subscription Agreement to same extent as if it were a party thereto.

(b) Until all Conversion Shares have been sold under a Registration Statement or pursuant to Rule 144, the Company shall use its reasonable best efforts to file with the Securities and Exchange Commission all current reports and the information as may be necessary to enable the Holder to effect sales of its shares in reliance upon Rule 144 promulgated under the Act.

6. INVESTMENT INTENT; LIMITED TRANSFERABILITY.

(a) The Holder represents, by accepting this Warrant, that it understands that this Option and any securities obtainable upon exercise of this Warrant or upon conversion of such securities have not been registered for sale under Federal or state securities laws and are being offered and sold to the Holder pursuant to one or more exemptions from the registration requirements of such securities laws. In the absence of an effective registration of such securities or an exemption therefrom, any certificates for such securities shall bear the legend set forth on the first page hereof. The Holder understands that it must bear the economic risk of its investment in this Warrant and any securities obtainable upon exercise of this Warrant or upon conversion of such securities for an indefinite period of time, as this Warrant and such securities have not been registered under
Federal or state securities laws and therefore cannot be sold unless subsequently registered under such laws, unless an exemption from such registration is available.

(b) The Holder, by his acceptance of its Warrant, represents to the Company that it is acquiring this Warrant and will acquire any securities obtainable upon exercise of this Warrant for its own account for investment and not with a view to, or for sale in connection with, any distribution thereof in violation of the Securities Act of 1933, as amended (the "Act"). The Holder agrees that this Warrant and any such securities will not be sold or otherwise transferred unless (i) a registration statement with respect to such transfer is effective under the Act and any applicable state securities laws or (ii) such sale or transfer is made pursuant to one or more exemptions from the Act.

(c) This Warrant may not be sold, transferred, assigned or hypothecated for six months from the date hereof except (i) to any firm or corporation that succeeds to all or substantially all of the business of Paramount Capital, Inc., (ii) to any of the officers, employees, associates or affiliated companies of Paramount Capital, Inc., or of any such successor firm, (iii) to any NASD member participating in the Offering or any officer or employee of any such NASD member or (iv) in the case of an individual, pursuant to such individual's last will and testament or the laws of descent and distribution, and is so transferable only upon the books of the Company which it shall cause to be maintained for such purpose. The Company may treat the registered Holder of this Warrant as he or it appears on the Company's books at any time as the Holder for all purposes. The Company shall permit any Holder of an Warrant or its duly authorized attorney, upon written request during ordinary business hours, to inspect and copy or make extracts from its books showing the registered holders of Warrant. All Warrants issued upon the transfer or assignment of this Warrant will be dated the same date as this Warrant, and all rights of the holder thereof shall be identical to those of the Holder.

7. LOSS, ETC., OF WARRANT. Upon receipt of evidence satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant, and of indemnity reasonably satisfactory to the Company, if lost, stolen or destroyed, and upon surrender and cancellation of this Warrant, if mutilated, the Company shall execute and deliver to the Holder a new Warrant of like date, tenor and denomination.

8. WARRANT HOLDER NOT STOCKHOLDER. This Warrant does not confer upon the Holder any right to vote or to consent to or receive notice as a stockholder of the Company, as such, in respect of any matters whatsoever, or any other rights or liabilities as a stockholder, prior to the exercise hereof; this Warrant does, however, require certain notices to Holders as set forth herein.
9. COMMUNICATION. No notice or other communication under this Warrant shall be effective unless, but any notice or other communication shall be effective and shall be deemed to have been given if, the same is in writing and is mailed by first-class mail, postage prepaid, addressed to:

(a) the Company at Palatin Technologies, Inc., 214 Carnegie Center, Suite 100 Princeton, New Jersey 08540, Attn: President or such other address as the Company has designated in writing to the Holder, or

(b) the Holder at c/o Paramount Capital Incorporated, 787 Seventh Avenue, New York, NY 10019 or other such address as the Holder has designated in writing to the Company.

10. HEADINGS. The headings of this Warrant have been inserted as a matter of convenience and shall not affect the construction hereof.

11. APPLICABLE LAW. This Warrant shall be governed by and construed in accordance with the law of the State of New York without giving effect to the principles of conflicts of law thereof.

12. AMENDMENT, WAIVER, ETC. Except as expressly provided herein, neither this Warrant nor any term hereof may be amended, waived, discharged or terminated other than by a written instrument signed by the party against whom enforcement of any such amendment, waiver, discharge or termination is sought; provided, however, that any provisions hereof may be amended, waived, discharged or terminated upon the written consent of the Company and the Majority of the Holders.

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed by its President and its corporate seal to be hereunto affixed and attested by its Secretary this [ ]TH day of [ ], 1997.

Company

By:

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Name: Edward J. Quilty
Title: President, Chief Executive Officer and Chairman of the Board of Directors

ATTEST:
SUBSCRIPTION (CASH)

The undersigned, __________________, pursuant to the provisions of the foregoing Warrant, hereby agrees to subscribe for and purchase __________________ shares of the Preferred Stock, par value $.01 stated value $100.00 per share, of Palatin Technologies, Inc. covered by said Warrant, and makes payment therefor in full at the price per share provided by said Warrant.

Dated:_______________   Signature:____________________

Address:______________________

SUBSCRIPTION (PROMISSORY NOTE)

The undersigned, __________________, pursuant to the provisions of the foregoing Warrant, hereby agrees to subscribe for and purchase __________________ shares of the Preferred Stock, par value $.01 stated value $100.00 per share, of Palatin Technologies, Inc. covered by said Warrant, and makes payment therefor in full at the price per share provided by said Warrant by delivery of the attached Promissory Note. The undersigned hereby confirms the representations and warranties made by it in the Warrant and in the attached Promissory Note.

Dated:_______________   Signature:____________________

Address:______________________

CASHLESS EXERCISE

The undersigned ________________, pursuant to the provisions of the foregoing Warrant, hereby elects to exchange its Warrant for ________________ shares of Preferred Stock, par value $.01 stated value $100.00 per share, of Palatin Technologies, Inc. pursuant to the Cashless Exercise provisions of the
Warrant.

Dated:_______________                          Signature:_____________________

Address:______________________

ASSIGNMENT

FOR VALUE RECEIVED _______________ hereby sells, assigns and transfers unto
____________________ the foregoing Warrant and all rights evidenced thereby, and
does irrevocably constitute and appoint ____________________, attorney, to
transfer said Warrant on the books of Palatin Technologies, Inc.

Dated:_______________                           Signature:_____________________

Address:______________________

PARTIAL ASSIGNMENT

FOR VALUE RECEIVED _______________ hereby assigns and transfers unto
____________________ the right to purchase _______ shares of the Preferred
Stock, par value $.01 stated value $100.00 per share, of Palatin Technologies,
Inc. covered by the foregoing Warrant, and a proportionate part of said Warrant
and the rights evidenced thereby, and does irrevocably constitute and appoint
___________________, attorney, to transfer that part of said Warrant on the
books of Palatin Technologies, Inc.

Dated:_______________                           Signature:_____________________

Address:______________________

-PROMISSORY NOTE-
[WARRANTHOLDER] (“Borrower”), for value received, hereby promises to pay to
the order of Palatin Technologies, Inc. (together with any such subsequent
holder of the Note, the "Holder") the sum of [ ]($ ), or such lesser amount as
shall then equal the outstanding principal amount hereof. Such amount shall be
due and payable on [insert last date Warrant may be exercised] (the "Maturity
Date"), together with interest thereon at a rate per annum equal to the prime
rate as stated by Citibank, N.A. as of the date hereof, (the "Interest Rate"),
and which shall be calculated on the basis of a 360-day year for actual days
elapsed, on the terms and conditions set forth hereinafter. Payment for all
amounts due hereunder shall be made by certified check or wire transfer to the
Holder at c/o Palatin Technologies, Inc., 214 Carnegie Center, Suite 100
Princeton, New Jersey 08540, Attn: [President], or other such address as the
Holder may designate by notice to Borrower. If this Promissory Note is prepaid
in whole or in part by the tendering of shares pursuant to Paragraph 2 below,
the repayment date shall be the date on which the Borrower delivers a notice to
the Company in accordance with Paragraph 4 irrevocably stating the Borrower’s
intention to repay the Promissory Note by tendering such shares. The Borrower is
delivering this Promissory Note as payment of the exercise price for the
purchase of the shares of [common/preferred] stock (the "Stock") underlying the
Warrant dated November 9, 1997 (the "Warrant") issued to the Borrower. The
Promissory Note shall be secured by the Stock which the Holder shall hold in
safe-keeping as collateral for the indebtedness represented by this Promissory
Note.

1. Prepayment; Repayment. The Borrower may at any time prepay in whole or
in part the principal sum, plus accrued interest to date of payment, of this
Note, without penalty or premium. All sums paid hereon shall be applied first to
accrued, unpaid interest on this Note and the balance, if any, to the reduction
of the principal hereof. This Note shall not be due and payable until the
Maturity Date. On the Maturity Date, the entire principal amount of, and all
accrued interest on, this Note shall automatically become immediately due and
payable without presentment, demand, protest or other formalities of any kind,
all of which are hereby expressly waived by the Company.

2. Prepayment or Repayment by Tendering of Shares. Any prepayment or
repayment may be made by instructing the Company to withhold that number of
shares of Stock currently held by the Company as collateral for this Promissory
Note in accordance with Paragraph 1(a)(iii) of the Warrant and having a value,
based upon the Market Price (as defined in the introductory paragraph of the
Warrant) of the Common Stock, equal to the outstanding principal sum plus
accrued interest. The Company will deliver the balance of the shares not
withheld pursuant to the immediately preceding sentence of this Paragraph 2 to
the Borrower at the address set forth in Paragraph 3 below within five (5) days
of the date of such prepayment or repayment, as the case may be.
3. Events of Default. If any events specified in this Paragraph 3 shall occur and continue uncured for a period of 90 days following notice from the lender such event has occurred (herein individually referred to as an “Event of Default”), the Holder of the Note may, so long as such condition exists, declare the entire principal and unpaid accrued interest hereon immediately due and payable, by notice in writing to Borrower:

3.1. Default in the payment of the principal and unpaid accrued interest of the Note when due and payable; or

3.2. The institution by Borrower of proceedings to be adjudicated as bankrupt or insolvent, or the consent by Borrower to institution of bankruptcy or insolvency proceedings against Borrower or the filing by Borrower of a petition or answer or consent seeking reorganization or release under the federal Bankruptcy Act, or any other applicable federal or state law, or the consent by Borrower to the filing of any such petition or the appointment of a receiver, liquidator, assignee, trustee or other similar official for all or any substantial part of its property, of the taking of any action by Borrower in furtherance of any such action; or

3.3. If, within sixty (60) days after the commencement of an action against Borrower (and service of process in connection therewith on Borrower) seeking any bankruptcy, insolvency, reorganization, liquidation or similar relief under any present or future statute, law of regulation, such action shall not have been resolved in favor of Borrower of all orders or proceedings thereunder affecting the property of Borrower stayed, or if the stay of any such order or proceeding shall thereafter be set aside, or if, within sixty (60) days after the appointment without the consent or acquiescence of Borrower of any trustee or receiver for all or any substantial part of the property of Borrower, such appointment shall not have been vacated.

4. Notices. Any notice required, desired or permitted to be given hereunder shall be in writing and shall be delivered personally, sent certified or registered United States mail, return receipt requested or sent by overnight courier service addressed to:

If to the Holder:

c/o Palatin Technologies, Inc.
214 Carnegie Center, Suite 100
Princeton, New Jersey 08540
Attn: President

If to Borrower:

[name and address]

Such notices shall be deemed given (i) if delivered personally, upon delivery, (ii) if mailed as aforesaid, two (2) business days after deposit in the United States mail and (iii) if sent by overnight courier service one (1) business day after deposit with the courier service. Any party may change its address by
notice to the other parties.

IN WITNESS WHEREOF, the Borrower has caused this Note to be issued this [ ] day of [ ] 199[ ].

BORROWER:

Name:
Address:

EX-10.30
4
FINANCIAL ADVISORY SERVICES AGREEMENT WARRANT

[FORM OF FINANCIAL ADVISORY SERVICES AGREEMENT WARRANT]

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW. SUCH SECURITIES MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH SALE OR TRANSFER IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SAID ACT.

PALATIN TECHNOLOGIES, INC.

WARRANT FOR THE PURCHASE OF SHARES OF COMMON STOCK

NO. [ ] [ ] SHARES
FOR VALUE RECEIVED, PALATIN TECHNOLOGIES, INC., a Delaware corporation (the "COMPANY"), hereby certifies that[ ], or his permitted assigns, is entitled to purchase from the Company, at any time or from time to time commencing on SEPTEMBER 1, 1996, and prior to 5:00 P.M., New York City time, on SEPTEMBER 1, 2001 (the "TERMINATION DATE"), [ ] fully paid and non-assessable shares of the Common Stock, $.01 par value per share, of the Company (the "Common Stock") at an exercise price equal to $[ ]. (Hereinafter, (i) said Common Stock, together with any other equity securities which may be issued by the Company with respect thereto or in substitution therefor, is referred to as the "COMMON STOCK", (ii) the shares of the Common Stock purchasable hereunder or under any other Warrant (as hereinafter defined) are referred to as the "WARRANT SHARES", (iii) the aggregate purchase price payable for the Warrant Shares hereunder is referred to as the "AGGREGATE WARRANT PRICE", (iv) the price payable for each of the Warrant Shares hereunder is referred to as the "PER SHARE WARRANT PRICE", (v) this Warrant, all similar Warrants issued on the date hereof and all warrants hereafter issued in exchange or substitution for this Warrant or such similar Warrants are referred to as the "WARRANTS" and (vi) the holder of this Warrant is referred to as the "HOLDER" and the holder of this Warrant and all other Warrants or Warrant Shares issued upon the exercise of any Warrant are referred to as the "HOLDERS"). The Aggregate Warrant Price is not subject to adjustment. The Per Share Warrant Price is subject to adjustment as hereinafter provided; in the event of any such adjustment, the number of Warrant Shares shall be adjusted by dividing the Aggregate Warrant Price by the Per Share Warrant Price in effect immediately after such adjustment.

1. EXERCISE OF WARRANT.

(a) This Warrant may be exercised by the Holder, in whole at any time or in part from time to time, commencing on September 1, 1996 and prior to the Termination Date:

(i) by the surrender of this Warrant (with the subscription form at
the end hereof duly executed) at the address set forth in Subsection 10(a)
hereof, together with proper payment of the Aggregate Warrant Price, or the proportionate part thereof if this Warrant is exercised in part, with payment for Warrant Shares made by certified or official bank check payable to the order of the Company; or

(ii) by the surrender of this Warrant (with the cashless exercise form
at the end hereof duly executed) (a "CASHLESS EXERCISE") at the address set
forth in Subsection 10(a) hereof. Such presentation and surrender shall be
deemed a waiver of the Holder's obligation to pay the Aggregate Warrant
Price, or the proportionate part thereof if this Warrant is exercised in part. In the event of a Cashless Exercise, the Holder shall exchange its Warrant for that number of Warrant Shares subject to such Cashless Exercise multiplied by a fraction, the numerator of which shall be the difference between the then current Market Price per share (as hereinafter defined) of Common Stock and the Per Share Warrant Price, and the denominator of which

shall be the then current Market Price per share of Common Stock. The then current market price per share of the Common Stock at any date (the “MARKET PRICE”) shall be deemed to be the last sale price of the Common Stock on the business day prior to the date of the Cashless Exercise or, in case no such reported sales take place on such day, the average of the last reported bid and asked prices of the Common Stock on such day, in either case on the principal national securities exchange on which the Common Stock is admitted to trading or listed, or if not listed or admitted to trading on any such exchange, the representative closing bid price of the Common Stock as reported by the NASDAQ Bulletin Board (“NASDAQ”), or other similar organization if NASDAQ is no longer reporting such information, or if not so available, the fair market price of the Common Stock as determined in good faith by the Board of Directors.

(b) If this Warrant is exercised in part, this Warrant must be exercised for a number of whole shares of the Common Stock and the Holder is entitled to receive a new Warrant covering the Warrant Shares which have not been exercised and setting forth the proportionate part of the Aggregate Warrant Price applicable to such Warrant Shares. Upon surrender of this Warrant, the Company will (i) issue a certificate or certificates in the name of the Holder for the largest number of whole shares of the Common Stock to which the Holder shall be entitled and, if this Warrant is exercised in whole, in lieu of any fractional share of the Common Stock to which the Holder shall be entitled, pay to the Holder cash in an amount equal to the fair value of such fractional share (determined in such reasonable manner as the Board of Directors of the Company shall determine), and (ii) deliver the other securities and properties receivable upon the exercise of this Warrant, if any, or the proportionate part thereof if this Warrant is exercised in part, pursuant to the provisions of this Warrant.

2. RESERVATION OF WARRANT SHARES; LISTING. The Company agrees that, prior to the expiration of this Warrant, the Company will at all times (a) have authorized and in reserve, and will keep available, solely for issuance or delivery upon the exercise of this Warrant, the shares of the Common Stock and other securities and properties as from time to time shall be receivable upon the exercise of this Warrant, free and clear of all restrictions on sale or transfer, except for the restrictions on sale or transfer set forth in the Securities Act of 1933, as amended (the “Act”), and restrictions created by or on behalf of the Holder, and free and clear of all preemptive rights and rights of first refusal and (b) when the Company prepares and files a registration statement covering the shares of Common Stock issued or issuable upon exercise of this Warrant with the Securities and Exchange Commission (the “SEC”) which registration statement is declared effective by the SEC under the Act and the Company lists its Common Stock on any national securities exchange or other quotation system, it will use its reasonable best efforts to cause the shares of Common Stock subject to this Warrant to be listed on such exchange or quotation system.
3. PROTECTION AGAINST DILUTION.

(a) If, at any time or from time to time after the date of issuance of this Warrant, the Company shall issue or distribute to the holders of shares of Common Stock evidence of its indebtedness, any other securities of the Company or any cash, property or other assets (excluding a subdivision, combination or reclassification, or dividend or distribution payable in shares of Common Stock, referred to in Subsection 3(b), and also excluding cash dividends or cash distributions paid out of net profits legally available therefor in the full amount thereof, which together with the value of other dividends and distributions made substantially concurrently therewith or pursuant to a plan which includes payment thereof, is equivalent to not more than 5% of the Company’s net worth) (any such non-excluded event being herein called a “SPECIAL DIVIDEND”), the Per Share Warrant Price shall be adjusted by multiplying the Per Share Warrant Price then in effect by a fraction, the numerator of which shall be the then current Market Price of the Common Stock less the fair market value (as determined in good faith by the Company’s Board of Directors) of the evidence of indebtedness, cash, securities or property, or other assets issued or distributed in such Special Dividend applicable to one share of Common Stock and the denominator of which shall be the then current Market Price of the Common Stock. An adjustment made pursuant to this Subsection 3(a) shall become effective immediately after the record date of any such Special Dividend.

(b) In case the Company shall hereafter (i) pay a dividend or make a distribution on its capital stock in shares of Common Stock, (ii) subdivide its outstanding shares of Common Stock into a greater number of shares, (iii) combine its outstanding shares of Common Stock into a smaller number of shares or (iv) issue by reclassification of its Common Stock any shares of capital stock of the Company, the Per Share Warrant Price shall be adjusted to be equal to a fraction, the numerator of which shall be the Aggregate Warrant Price and the denominator of which shall be the number of shares of Common Stock or other capital stock of the Company which the Holder would have owned immediately following such action had such Warrant been exercised immediately prior thereto. An adjustment made pursuant to this Subsection 3(b) shall become effective immediately after the record date in the case of a dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or reclassification.

(c) Except as provided in subsections 3(a) and 3(d), in case the Company shall hereafter issue or sell any Common Stock, any securities convertible into Common Stock or any rights, options or warrants to purchase Common Stock or securities convertible into Common Stock, other than an offering of securities
for which Paramount Capital, Inc. serves as placement agent initiated within 180
days following September 1, 1996 (the "Private Placement"), in each case for a
price per share or entitling the holders thereof to purchase Common Stock at a
price per share (determined by dividing (i) the total amount, if any, received
or receivable by the Company in consideration of the issuance or sale of such
securities plus the total consideration, if any, payable to the Company upon
exercise or conversion thereof (the "TOTAL CONSIDERATION") by (ii) the number of
additional shares of Common Stock issued, sold or issuable upon exercise or
conversion of such securities) less than the then current Market Price of the
Common Stock or the current Per Share Warrant Price in effect on the date of
such issuance or sale, the Per Share Warrant Price shall be adjusted by
multiplying the Per Share Warrant Price then in effect by a fraction, the
numerator of which shall be (x) the sum of (A) the number of shares of Common
Stock outstanding on the record date of such issuance or sale plus (B) the Total
Consideration divided by either the current Market Price of the Common Stock or
the current Per Share Warrant Price, whichever is greater, and the denominator
of which shall be (y) the number of shares of Common Stock outstanding on the
record date of such issuance or sale plus the maximum number of additional
shares of Common Stock issued, sold or issuable upon exercise or conversion of
such securities.

(d) Except as otherwise provided herein, no adjustment in the Per Share
Warrant Price shall be required in the case of the issuance by the Company of
(i) Common Stock pursuant to the exercise or conversion of any Warrant or any
other options, warrants or any convertible securities currently outstanding or
outstanding as a result of securities hereafter issued; provided, that the
exercise price or conversion price at which such securities are exercised or
converted, as the case may be, is equal to the exercise price or conversion
price in effect as of the date of this Warrant or as of the date of issuance
with respect to securities hereafter issued (except for standard anti-dilution
adjustments) and (ii) shares of Common Stock issued or sold pursuant to stock
purchase or stock option plans or other similar arrangements that are approved
by the Company's Board of Directors.

(e) In case of any capital reorganization or reclassification, or any
consolidation or merger to which the Company is a party other than a merger or
consolidation in which the Company is the continuing corporation, or in case of
any sale or conveyance to another entity of the property of the Company as an
entirety or substantially as an entirety, or in the case of any statutory
exchange of securities with another corporation (including any exchange effected
in connection with a merger of a third corporation into the Company), the Holder
of this Warrant shall have the right thereafter to receive on the exercise of
this Warrant the kind and amount of securities, cash or other property which the
Holder would have owned or have been entitled to receive immediately after such
reorganization, reclassification, consolidation, merger, statutory exchange,
sale or conveyance had this Warrant been exercised immediately prior to the
effective date of such reorganization, reclassification, consolidation, merger,
statutory exchange, sale or conveyance and in any such case, if necessary,
appropriate adjustment shall be made in the application of the provisions set
forth in this Section 3 with respect to the rights and interests thereof of
the Holder of this Warrant to the end that the provisions set forth in this Section 3 shall thereafter correspondingly be made applicable, as nearly as may reasonably be, in relation to any shares of stock or other securities or property thereafter deliverable on the exercise of this Warrant. The above provisions of this subsection 3(e) shall similarly apply to successive reorganizations, reclassifications, consolidations, mergers, statutory exchanges, sales or conveyances. The issuer of any shares of stock or other securities or property thereafter deliverable on the exercise of this Warrant shall be responsible for all of the agreements and obligations of the Company hereunder. Notice of any such reorganization, reclassification, consolidation, merger, statutory exchange, sale or conveyance and of said provisions so proposed to be made, shall be mailed to the Holders of the Warrants not less than 30 days prior to such event. A sale of all or substantially all of the assets of the Company for a consideration consisting primarily of securities shall be deemed a consolidation or merger for the foregoing purposes.

(f) In case any event shall occur as to which the other provisions of this Section 3 are not strictly applicable but as to which the failure to make any adjustment would not fairly protect the purchase rights represented by this Warrant in accordance with the essential intent and principles hereof then, in each such case, the Holders of Warrants representing the right to purchase a majority of the Warrant Shares subject to all outstanding Warrants may appoint a firm of independent public accountants of recognized national standing reasonably acceptable to the Company, which shall give their opinion as to the adjustment, if any, on a basis consistent with the essential intent and principles established herein, necessary to preserve the purchase rights represented by the Warrants. Upon receipt of such opinion, the Company will promptly mail a copy thereof to the Holder of this Warrant and shall make the adjustments described therein. The fees and expenses of such independent public accountants shall be borne by the Company.

(g) No adjustment in the Per Share Warrant Price shall be required unless such adjustment would require an increase or decrease of at least $0.05 per share of Common Stock; provided, however, that any adjustments which by reason of this Subsection 3(g) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 3 shall be made to the nearest cent or to the nearest 1/100th of a share, as the case may be. Anything in this Section 3 to the contrary notwithstanding, the Company shall be entitled to make such reductions in the Per Share Warrant Price, in addition to those required by this Section 3, as it in its discretion shall deem to be advisable in order that any stock dividend, subdivision of shares or distribution of rights to purchase stock or securities convertible or exchangeable for stock hereafter made by the Company to its stockholders shall not be taxable.

(h) Whenever the Per Share Warrant Price is adjusted as provided in this Section 3 and upon any modification of the rights of a Holder of Warrants in accordance with this Section 3, the Chief Financial Officer of the Company shall
promptly prepare a certificate setting forth the Per Share Warrant Price and the number of Warrant Shares after such adjustment or the effect of such modification and a brief statement of the facts requiring such adjustment or modification and the manner of computing the same and cause copies of such certificate to be mailed to the Holders of the Warrants.

(i) If the Board of Directors of the Company shall declare any dividend or other distribution with respect to the Common Stock, the Company shall mail notice thereof to the Holders of the Warrants not less than fifteen (15) days prior to the record date fixed for determining stockholders entitled to participate in such dividend or other distribution.

(j) If, as a result of an adjustment made pursuant to this Section 3, the Holder of any Warrant thereafter surrendered for exercise shall become entitled to receive shares of two or more classes of capital stock or shares of Common Stock and other capital stock of the Company, the Board of Directors (whose determination shall be conclusive and shall be described in a written notice to the Holder of any Warrant promptly after such adjustment) shall determine the allocation of the adjusted Per Share Warrant Price between or among shares or such classes of capital stock or shares of Common Stock and other capital stock.

4. REDEMPTION. At any time after September 1, 1996, this Warrant shall be redeemable at the Company's option upon forty five (45) days notice to the Holder, for $.05 per Warrant Share, if the closing price of the Common Stock of the Company shall exceed three hundred percent (300%) (as reported on the Nasdaq Small Cap Market) of the Exercise Price of this Warrant for twenty (20) consecutive trading days ending ten (10) days prior to the date of notice of redemption.

5. FULLY PAID STOCK; TAXES. The Company agrees that the shares of the Common Stock represented by each and every certificate of Warrant Shares delivered on the exercise of this Warrant be validly issued and outstanding, fully paid and nonassessable, and not subject to preemptive rights or rights of first refusal, and the Company will take all such actions as may be necessary to assure that the par value or stated value, if any, per share of the Common Stock is at all times equal to or less than the then Per Share Warrant Price. The Company further covenants and agrees that it will pay, when due and payable, any and all Federal and state stamp, original issue or similar taxes which may be payable in respect of the issue of any Warrant Share or any certificate thereof.

6. REGISTRATION UNDER SECURITIES ACT OF 1933.

(a) The shares of Common Stock underlying the Warrants (the “Conversion Shares”) shall be included in the registration statement filed in connection with the Private Placement or, if no such registration statement is filed or becomes effective, in the next registration statement (the “Registration Statement”) filed by the Company in which these shares can legally be included (i.e. excluding registrations on Form S-4, S-8 or any other limited purpose
shall use its reasonable best efforts to file with the Securities and Exchange Commission all current reports and the information as may be necessary to enable the Holder to effect sales of its shares in reliance upon Rule 144 promulgated under the Act.

7. LIMITED TRANSFERABILITY. This Warrant may not be sold, transferred, assigned or hypothecated by the Holder except in compliance with the provisions of the Act and the applicable state securities "blue sky" laws. The Company may treat the registered Holder of this Warrant as he or it appears on the Company's books at any time as the Holder for all purposes. The Company shall permit any Holder of a Warrant or his duly authorized attorney, upon written request during ordinary business hours, to inspect and copy or make extracts from its books showing the registered holders of Warrants. All warrants issued upon the transfer or assignment of this Warrant will be dated the same date as this Warrant, and all rights of the holder thereof shall be identical to those of the Holder.

8. LOSS, ETC., OF WARRANT. Upon receipt of evidence satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant, and of indemnity reasonably satisfactory to the Company, if lost, stolen or destroyed, and upon surrender and cancellation of this Warrant, if mutilated, the Company shall execute and deliver to the Holder a new Warrant of like date, tenor and denomination.

9. WARRANT HOLDER NOT SHAREHOLDER. Except as otherwise provided herein, this Warrant does not confer upon the Holder any right to vote or to consent to or receive notice as a stockholder of the Company, as such, in respect of any matters whatsoever, or any other rights or liabilities as a stockholder, prior to the exercise hereof.

10. MODIFICATION. This Agreement may not be modified, amended or waived in any manner except by an instrument in writing signed by the Holder. The waiver by either party of compliance with any provision of this Agreement by the other party shall not operate or be construed as a waiver of such party of a provision of this Agreement.

11. COMMUNICATION. No notice or other communication under this Warrant shall be effective unless, but any notice or other communication shall be effective and shall be deemed to have been given if, the same is in writing and is
mailed by first-class mail, postage prepaid, addressed to:

(a) the Company at 214 Carnegie Center, Suite 100, Princeton, N.J., 08540, Attention: President or other address as the Company has designated in writing to the Holder; or

(b) the Holder at c/o Paramount Capital, Inc., 787 Seventh Avenue, 48th Floor, New York, NY, 10019, Attn: Timothy McInerney or other such address as the Holder has designated in writing to the Company.

12. HEADINGS. The headings of this Warrant have been inserted as a matter of convenience and shall not affect the construction hereof.

13. APPLICABLE LAW. This Warrant shall be governed by and construed in accordance with the law of the State of New York without giving effect to the principles of conflicts of law thereof.

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed by its President and its corporate seal to be hereunto affixed and attested by its Secretary this 1ST day of SEPTEMBER, 1996.

PALATIN TECHNOLOGIES, INC.

By: _______________________________
   Name:    Edward J. Quilty
   Title:   President

ATTEST:

- -------------------------------
  Secretary

[Corporate Seal]
SUBSCRIPTION

The undersigned, ___________________, pursuant to the provisions of the foregoing Warrant, hereby agrees to subscribe for and purchase __________________ shares of the Common Stock, par value $.01 per share, of Palatin Technologies, Inc. covered by said Warrant, and makes payment therefor in full at the price per share provided by said Warrant.

Dated: ___________ Signature: ________________

Address: ________________

CASHLESS EXERCISE

The undersigned ___________________, pursuant to the provisions of the foregoing Warrant, hereby elects to exchange its Warrant for __________________ shares of Common Stock, par value $.01 per share, of Palatin Technologies, Inc. pursuant to the Cashless Exercise provisions of the Warrant.

Dated: ___________ Signature: ________________

Address: ________________

ASSIGNMENT

FOR VALUE RECEIVED _______________ hereby sells, assigns and transfers unto __________________ the foregoing Warrant and all rights evidenced thereby, and does irrevocably constitute and appoint __________________, attorney, to transfer said Warrant on the books of Palatin Technologies, Inc.

Dated: ___________ Signature: ________________

Address: ________________

PARTIAL ASSIGNMENT

FOR VALUE RECEIVED _______________ hereby assigns and transfers unto __________________ the right to purchase ________ shares of the Common Stock, par value $.01 per share, of Palatin Technologies, Inc. covered by the foregoing Warrant, and a proportionate part of said Warrant and the rights evidenced thereby, and does irrevocably constitute and appoint __________________, attorney, to transfer that part of said Warrant on the books of Palatin Technologies, Inc.

Dated: ___________ Signature: ________________
CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in this registration statement of our report dated August 20, 1997 included in Palatin Technologies, Inc.’s Form 10-KSB for the year ended June 30, 1997 and to all reference to our Firm included in this Registration Statement File No. 333-33569.

Philadelphia, PA
November 24, 1997

-----END PRIVACY-ENHANCED MESSAGE-----