SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED JANUARY 31, 2004

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number 0-17085

PEREGRINE PHARMACEUTICALS, INC.
(Exact name of Registrant as specified in its charter)

Delaware	95-3698422
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NO.)
14272 Franklin Avenue, Suite 100, Tustin, California	92780-7017
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	(ZIP CODE)

Registrant's telephone number, including area code: (714) 508-6000

NOT APPLICABLE
(FORMER NAME, FORMER ADDRESS AND FORMER FISCAL YEAR, IF CHANGED, SINCE LAST REPORT)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. YES X NO .
--- ---

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). YES X NO .
--- ---

APPLICABLE ONLY TO CORPORATE ISSUERS: (INDICATE THE NUMBER OF SHARES OUTSTANDING OF EACH OF THE ISSUER'S CLASSES OF COMMON STOCK, AS OF THE LATEST PRACTICABLE DATE.)

141,268,182 shares of common stock
as of March 12, 2004

PEREGRINE PHARMACEUTICALS, INC.
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTER ENDED JANUARY 31, 2004

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THE TERMS "WE", "US", "OUR," AND "THE COMPANY" AS USED IN THIS REPORT ON FORM 10-Q REFERS TO PEREGRINE PHARMACEUTICALS, INC. AND ITS WHOLLY-OWNED SUBSIDIARIES, AVID BIOSERVICES, INC. AND VASCULAR TARGETING TECHNOLOGIES, INC.

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PEREGRINE PHARMACEUTICALS, INC.

CONSOLIDATED BALANCE SHEETS
AT JANUARY 31, 2004 AND APRIL 30, 2003

	JANUARY 31, 2004	APRIL 30, 2003
	UNAUDITED	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 15,740,000	$ 3,137,000
Trade and other receivables, net of allowance for doubtful accounts of $63,000 (January) and $59,000 (April)	1,443,000	245,000
Short-term investment	--	242,000
Inventories	1,188,000	376,000
Prepaid expenses and other current assets	745,000	257,000
Total current assets	19,116,000	4,257,000
PROPERTY:		
Leasehold improvements	389,000	291,000
Laboratory equipment	2,169,000	1,936,000
Furniture, fixtures and computer equipment	646,000	724,000
	3,204,000	2,951,000
Less accumulated depreciation and amortization	(2,276,000)	(2,115,000)
Property, net	928,000	836,000
OTHER ASSETS:		
Note receivable, net of allowance of $1,598,000 (January) and $1,645,000 (April)	--	--
Debt issuance costs, net	--	176,000
Other	230,000	130,000
Total other assets	230,000	306,000
TOTAL ASSETS	$ 20,274,000	$ 5,399,000

See accompanying notes to consolidated financial statements

PEREGRINE PHARMACEUTICALS, INC.

CONSOLIDATED BALANCE SHEETS
AT JANUARY 31, 2004 AND APRIL 30, 2003 (CONTINUED)

	JANUARY 31, 2004	APRIL 30, 2003
	UNAUDITED	
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 1,101,000	$ 560,000
Accrued clinical trial site fees	22,000	260,000
Accrued legal and accounting fees	270,000	194,000
Accrued royalties and license fees	156,000	149,000
Accrued payroll and related costs	398,000	314,000
Other current liabilities	282,000	300,000
Deferred revenue	1,690,000	531,000
Total current liabilities	3,919,000	2,308,000
CONVERTIBLE DEBT, net of discount	--	760,000
DEFERRED REVENUE	144,000	200,000
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Common stock-$.001 par value; authorized 200,000,000 shares; outstanding - 140,333,971 (January); 119,600,501 (April)	140,000	120,000
Additional paid-in capital	167,275,000	142,274,000
Deferred stock compensation	(35,000)	(257,000)
Accumulated deficit	(151,169,000)	(140,006,000)
Total stockholders' equity	16,211,000	2,131,000
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 20,274,000	$ 5,399,000

See accompanying notes to consolidated financial statements

PEREGRINE PHARMACEUTICALS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE AND NINE MONTHS ENDED JANUARY 31, 2004 AND 2003 (UNAUDITED)

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	JANUARY 31, 2004	JANUARY 31, 2003	JANUARY 31, 2004	JANUARY 31, 2003
REVENUES:				
Contract manufacturing revenue	$ 211,000	$ 162,000	$ 1,403,000	$ 1,257,000
License revenue	18,000	350,000	56,000	350,000
Total revenues	229,000	512,000	1,459,000	1,607,000
COST AND EXPENSES:				
Cost of contract manufacturing	223,000	270,000	1,207,000	1,301,000
Research and development	2,723,000	1,676,000	6,570,000	7,126,000
Selling, general and administrative	1,096,000	681,000	3,224,000	2,204,000
Total cost and expenses	4,042,000	2,627,000	11,001,000	10,631,000
LOSS FROM OPERATIONS	(3,813,000)	(2,115,000)	(9,542,000)	(9,024,000)
OTHER INCOME (EXPENSE):				
Interest and other income	70,000	57,000	219,000	197,000
Interest and other expense	(394,000)	(592,000)	(1,840,000)	(864,000)
NET LOSS	$ (4,137,000)	$ (2,650,000)	$ (11,163,000)	$ (9,691,000)
WEIGHTED AVERAGE SHARES OUTSTANDING:				
Basic and Diluted	137,835,689	118,831,011	132,147,463	115,463,097
BASIC AND DILUTED LOSS PER COMMON SHARE	$ (0.03)	$ (0.02)	$ (0.08)	$ (0.08)

See accompanying notes to consolidated financial statements

PEREGRINE PHARMACEUTICALS, INC.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED JANUARY 31, 2004 (UNAUDITED)

	COMMON STOCK SHARES	AMOUNT	ADDITIONAL PAID-IN CAPITAL	DEFERRED STOCK COMPENSATION	ACCUMULATED DEFICIT	TOTAL STOCKHOLDERS' EQUITY
BALANCES - May 1, 2003	119,600,501	$ 120,000	$ 142,274,000	$(257,000)	$(140,006,000)	$ 2,131,000
Common stock issued for cash under June 6, 2003 Common Stock Purchase Agreement, net of issuance costs of $104,000	2,412,448	2,000	1,969,000	--	--	1,971,000
Common stock issued for cash under June 26, 2003 Common Stock Purchase Agreement, net of issuance costs of $101,000	1,599,997	2,000	1,737,000	--	--	1,739,000
Common stock issued for cash under option granted under June 26, 2003 Common Stock Purchase Agreement, net of issuance costs of $55,000	1,599,997	2,000	1,784,000	--	--	1,786,000
Common stock issued for cash under July 24, 2003 Common Stock Purchase Agreement, net of issuance costs of $13,000	2,000,000	2,000	2,885,000	--	--	2,887,000
Common stock issued for cash under September 18, 2003 Common Stock Purchase Agreement, net of issuance costs of $19,000	2,800,000	2,000	5,271,000	--	--	5,273,000
Common stock issued for cash under November 17, 2003 Common Stock Purchase Agreement, net of issuance costs of $1,000	2,000,000	2,000	4,254,000	--	--	4,256,000
Common stock issued for cash under January 22, 2004 Common Stock Purchase Agreement, net of issuance costs of under $1,000	250,000	--	625,000	--	--	625,000
Common stock issued to Aeres Biomedical Ltd. for research services under a research collaboration agreement, net of issuance costs of under $1,000	243,101	--	648,000	--	--	648,000
Common stock issued upon conversion of convertible debt	2,817,645	3,000	2,392,000	--	--	2,395,000
Common stock issued upon exercise of options and warrants, net of issuance costs of $134,000	5,010,282	5,000	3,396,000	--	--	3,401,000
Reversal of deferred stock compensation associated with the cancellation of unvested options	--	--	(52,000)	28,000	--	(24,000)
Compensation charge for variable stock options	--	--	33,000	--	--	33,000
Deferred stock compensation	--	--	59,000	(59,000)	--	--
Stock-based compensation	--	--	--	253,000	--	253,000
Net loss	--	--	--	--	(11,163,000)	(11,163,000)
BALANCES - January 31, 2004	140,333,971	$ 140,000	$ 167,275,000	$ (35,000)	$(151,169,000)	$ 16,211,000

See accompanying notes to consolidated financial statements

PEREGRINE PHARMACEUTICALS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED JANUARY 31, 2004 AND 2003 (UNAUDITED)

	NINE MONTHS ENDED JANUARY 31, 2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$(11,163,000)	$ (9,691,000)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	277,000	277,000
Stock-based compensation	262,000	418,000
Amortization of discount on convertible debt and debt issuance costs	1,811,000	745,000
Stock issued for services under research collaboration	164,000	--
Changes in operating assets and liabilities:		
Trade and other receivables	(1,198,000)	(820,000)
Short-term investment	242,000	--
Inventories	(812,000)	(1,286,000)
Prepaid expenses and other current assets	(4,000)	28,000
Accounts payable	541,000	(510,000)
Deferred revenue	1,103,000	1,670,000
Accrued clinical trial site fees	(238,000)	(364,000)
Other accrued expenses and current liabilities	149,000	25,000
Net cash used in operating activities	(8,866,000)	(9,508,000)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property acquisitions	(369,000)	(183,000)
Proceeds from sale of property	--	11,000
Increase in other assets	(100,000)	--
Net cash used in investing activities	(469,000)	(172,000)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock, net of issuance costs of $427,000	21,938,000	4,737,000
Proceeds from issuance of convertible debt, net of issuance costs of $363,000	--	3,370,000
Rescind prior sale of common stock to related party	--	(500,000)
Principal payments on notes payable	--	(67,000)
Net cash provided by financing activities	21,938,000	7,540,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	12,603,000	(2,140,000)
CASH AND CASH EQUIVALENTS, beginning of period	3,137,000	6,072,000
CASH AND CASH EQUIVALENTS, end of period	$ 15,740,000	$ 3,932,000
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Property acquired in exchange for note payable	$ --	$ 82,000
Conversion of Convertible Debt into common stock	$ 2,395,000	$ 1,355,000
Common stock issued under research collaboration	$ 648,000	$ --

See accompanying notes to consolidated financial statements

PEREGRINE PHARMACEUTICALS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED JANUARY 31, 2004 (unaudited)
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1. BASIS OF PRESENTATION

The accompanying consolidated financial statements include the accounts of Peregrine Pharmaceuticals, Inc. ("Peregrine") and its wholly-owned subsidiaries, Avid Bioservices, Inc. ("Avid"), and Vascular Targeting Technologies, Inc. (collectively the "Company"). All intercompany balances and transactions have been eliminated.

As of January 31, 2004, the Company had $15,740,000 in cash and cash equivalents on hand. The Company has expended substantial funds on the development of its product candidates and for clinical trials and it has incurred negative cash flows from operations for the majority of its years since inception. The Company expects negative cash flows from operations to continue until it is able to generate sufficient revenue from the contract manufacturing services provided by Avid and/or from the sale and/or licensing of its products under development.

Revenues earned by Avid during the nine months ended January 31, 2004 amounted to $1,403,000. The Company expects that Avid will continue to generate revenues which should lower consolidated cash flows used in operations, although the Company expects those near term revenues will be insufficient to cover consolidated cash flows used in operations. As such, the Company will continue to seek to raise additional capital to provide for its operations, including the anticipated development and clinical trial costs of Cotara(TM) and its Anti-Phospholipid Therapy program, the anticipated development costs associated with Vasopermeation Enhancement Agents ("VEA's") and Vascular Targeting Agents ("VTA's"), and the potential expansion of the Company's manufacturing capabilities.

Assuming the Company does not raise any additional capital from financing activities or from the sale or licensing of its technologies, the Company believes it has sufficient cash on hand to meet its obligations on a timely basis through at least the next twelve months.

In addition to equity financing, the Company is actively exploring various other sources of cash by leveraging its various assets. The transactions being explored by the Company for its technologies include licensing, partnering or the sale of Cotara(TM), Oncolym(R), or various portions of its VTA and VEA technologies that it does not plan on developing internally.

In addition to the potential licensing, partnering or sale of the Company's technologies to raise capital, the Company is also exploring a possible strategic transaction related to its subsidiary, Avid. In this regard, the Company is exploring the possibility of partnering, or a complete sale of Avid as a means of raising additional capital. The Company has not classified the related assets as held for sale in accordance with Statement of Financial Accounting Standards No. 144, ACCOUNTING FOR THE IMPAIRMENT OR DISPOSAL OF LONG-LIVED ASSETS, since the Company is strictly exploring the possibility of a partnering or sale arrangement and the partnering or sale of the asset is not currently probable under Statement of Financial Accounting Standards No. 5, ACCOUNTING FOR Contingencies.

There can be no assurances that the Company will be successful in raising sufficient capital on terms acceptable to it, or at all (from either debt, equity or the licensing, partnering or sale of technology assets and/or the sale of all or a portion of Avid), or that sufficient additional revenues will be generated from Avid or under potential licensing agreements to sustain its operations beyond the next twelve months.

The accompanying interim consolidated financial statements are unaudited; however they contain all adjustments (consisting of only normal recurring adjustments) which, in the opinion of management, are necessary to present fairly the consolidated financial position of the Company at January 31, 2004, and the consolidated results of its operations and its consolidated cash flows for the three and nine-month periods ended January 31, 2004 and 2003. Although the Company believes that the disclosures in the financial statements are adequate to make the information presented herein not misleading, certain information and footnote disclosures normally included in the consolidated financial statements have been condensed or omitted pursuant to Article 10 of Regulation S-X of the Securities Exchange Act of 1934. The consolidated financial statements included herein should be read in conjunction with the consolidated financial statements of the Company, included in the Company's Annual Report on Form 10-K for the year ended April 30, 2003, which was filed with the Securities and Exchange Commission on July 29, 2003. Results of operations for the interim periods covered by this quarterly report may not necessarily be indicative of results of operations for the full fiscal year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CASH AND CASH EQUIVALENTS - The Company considers all highly liquid, short-term investments with an initial maturity of three months or less to be cash equivalents.

ALLOWANCE FOR DOUBTFUL RECEIVABLES - We continually monitor our allowance for all receivables. A considerable amount of judgment is required in assessing the ultimate realization of these receivables and we estimate an allowance for doubtful accounts based on factors that appear reasonable under the circumstances.

SHORT-TERM INVESTMENTS - The Company classifies its short-term investments as trading securities under the requirements of Statement of Financial Accounting Standards No. 115 ("SFAS No. 115"), ACCOUNTING FOR CERTAIN INVESTMENTS IN DEBT AND EQUITY SECURITIES. SFAS No. 115 considers trading securities as securities that are bought with the intention of being sold in the near term for the general purpose of realizing profits. Trading securities are recorded at fair market value and gains and losses on trading securities are included in interest and other income in the accompanying consolidated financial statements.

INVENTORIES - Inventories are stated at the lower of cost or market and primarily includes raw materials, direct labor and overhead costs associated with the services provided by our wholly-owned subsidiary, Avid. Inventories consist of the following at January 31, 2004 and April 30, 2003:

	JANUARY 31, 2004	APRIL 30, 2003
Raw materials	$ 312,000	$ 205,000
Work-in-process	876,000	171,000
Total Inventories	$1,188,000	$ 376,000

CONCENTRATIONS OF CREDIT RISK - The majority of trade and other receivables are from customers in the United States and Israel. Most contracts require up-front payments and installment payments as the contract progresses. The Company performs periodic evaluations of its ongoing customers and generally does not require collateral, but can terminate the contract if a material default occurs. Reserves are maintained for potential credit losses, and such losses have been minimal and within management's estimates.

COMPREHENSIVE LOSS - Comprehensive loss is equal to net loss for all periods presented.

DEFERRED REVENUE - Deferred revenue primarily consists of up-front contract fees and installment payments received prior to the recognition of revenues under contract manufacturing and development agreements and up-front license fees received under technology license agreements. Deferred revenue is generally recognized once the service has been provided, all obligations have been met and/or upon shipment of the product to the customer.

REVENUE RECOGNITION - The Company currently derives revenues primarily from licensing agreements associated with Peregrine's technologies under development and from contract manufacturing services provided by Avid.

The Company recognizes revenues pursuant to Staff Accounting Bulletin No. 101, REVENUE RECOGNITION IN FINANCIAL STATEMENTS ("SAB No. 101") as well as the recently issued Staff Accounting Bulletin No. 104 , REVENUE RECOGNITION. These bulletins draw on existing accounting rules and provide specific guidance on how those accounting rules should be applied. Revenue is generally realized or realizable and earned when (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred or services have been rendered, (iii) the seller's price to the buyer is fixed or determinable, and (iv) collectibility is reasonably assured.

Revenues associated with licensing agreements primarily consist of nonrefundable up-front license fees and milestone payments. Revenues under licensing agreements are recognized based on the performance requirements of the agreement. Nonrefundable up-front license fees received under license agreements, whereby continued performance or future obligations are considered inconsequential to the relevant licensed technology, are generally recognized as revenue upon delivery of the technology. Nonrefundable up-front license fees, whereby ongoing involvement or performance obligations exist, are generally recorded as deferred revenue and generally recognized as revenue over the term of the performance obligation or relevant agreement. Under some license agreements, the obligation period may not be contractually defined. Under these circumstances, the Company exercises judgment in estimating the period of time over which certain deliverables will be provided to enable the licensee to practice the license.

Contract manufacturing revenues are generally recognized once the service has been provided and/or upon shipment of the product to the customer. The Company also records a provision for estimated contract losses, if any, in the period in which they are determined.

In July 2000, the Emerging Issues Task Force ("EITF") released Issue 99-19 ("EITF 99-19"), REPORTING REVENUE GROSS AS A PRINCIPAL VERSUS NET AS AN AGENT. EITF 99-19 summarized the EITF's views on when revenue should be recorded at the gross amount billed to a customer because it has earned revenue from the sale of goods or services, or the net amount retained (the amount billed to the customer less the amount paid to a supplier) because it has earned a fee or commission. In addition, the EITF released Issue 00-10 ("EITF 00-10"),

ACCOUNTING FOR SHIPPING AND HANDLING FEES AND COSTS, and Issue 01-14 ("EITF 01-14"), INCOME STATEMENT CHARACTERIZATION OF REIMBURSEMENTS RECEIVED FOR "OUT-OF-POCKET" EXPENSES INCURRED. EITF 00-10 summarized the EITF's views on how the seller of goods should classify in the income statement amounts billed to a customer for shipping and handling and the costs associated with shipping and handling. EITF 01-14 summarized the EITF's views on when the reimbursement of out-of-pocket expenses should be characterized as revenue or as a reduction of expenses incurred. The Company's revenue recognition policies are in compliance with EITF 99-19, EITF 00-10 and EITF 01-14 whereby the Company records revenue for the gross amount billed to customers (the cost of raw materials, supplies, and shipping, plus the related handling mark-up fee) and records the cost of the amounts billed as cost of sales as the Company acts as a principal in these transactions.

RESEARCH AND DEVELOPMENT - Research and development costs are charged to expense when incurred in accordance with Statement of Financial Accounting Standards No. 2, ACCOUNTING FOR RESEARCH AND DEVELOPMENT COSTS. Research and development expenses primarily include (i) payroll and related costs associated with research and development personnel, (ii) costs related to clinical and pre-clinical testing of the Company's technologies under development, (iii) the costs to manufacture the product candidates, including raw materials and supplies, (iv) patent filing fees (v) expenses for research and services rendered under outside contracts, including sponsored research funding, and (vi) facility expenses.

BASIC AND DILUTIVE NET LOSS PER COMMON SHARE - Basic and dilutive net loss per common share is calculated in accordance with Statement of Financial Accounting Standards No. 128, EARNINGS PER SHARE. Basic net loss per common share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period and excludes the dilutive effects of options, warrants and convertible instruments. Diluted net loss per common share is computed by dividing the net loss by the sum of the weighted average number of common shares outstanding during the period plus the potential dilutive effects of options, warrants, and convertible debt outstanding during the period. Potentially dilutive common shares consist of stock options and warrants calculated in accordance with the treasury stock method, but are excluded if their effect is antidilutive. The potential dilutive effect of convertible debt was calculated using the if-converted method assuming the conversion of the convertible debt as of the earliest period reported or at the date of issuance, if later. Because the impact of options, warrants, and other convertible instruments are antidilutive, there was no difference between basic and diluted loss per share amounts for the three and nine months ended January 31, 2004 and January 31, 2003. The Company has excluded the dilutive effect of the following shares issuable upon the exercise of options, warrants, and convertible debt outstanding during the period because their effect was antidilutive since the Company reported a net loss in the periods presented:

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	JANUARY 31, 2004	JANUARY 31, 2003	JANUARY 31, 2004	JANUARY 31, 2003
Common stock equivalent shares assuming issuance of shares represented by outstanding stock options and warrants utilizing the treasury stock method	13,055,032	3,366,990	11,339,824	5,638,358
Common stock equivalent shares assuming issuance of shares upon conversion of convertible debt utilizing the if-converted method	337,596	--	746,658	2,505,413
Total	13,392,628	3,366,990	12,086,482	8,143,771

Weighted average outstanding options and warrants to purchase up to 5,657,044 and 7,959,998 shares of common stock for the three and nine months ended January 31, 2004, respectively, were also excluded from the calculation of diluted earnings per common share because their exercise prices were greater than the average market price during the period.

Weighted average outstanding options and warrants to purchase up to 18,350,568 and 14,476,323 shares of common stock for the three and nine months ended January 31, 2003, respectively, were also excluded from the calculation of diluted earnings per common share because their exercise prices were greater than the average market price during the period. In addition, diluted earnings per common share the three months ended January 31, 2003 excludes weighted shares of 3,488,107, assuming issuance of shares upon conversion of convertible debt because the conversion price was greater than the average market price during the period.

From February 1, 2004 through March 12, 2004, the Company received gross proceeds of $1,650,000 in exchange for the issuance of 750,000 shares of its common stock (Note 10), which numbers have been excluded from basic and dilutive net loss per common share for the three and nine months ended January 31, 2004.

STOCK-BASED COMPENSATION - In December 2002, the FASB issued Statement of Financial Accounting Standards No. 148 ("SFAS No. 148"), ACCOUNTING FOR STOCK-BASED COMPENSATION-TRANSITION AND DISCLOSURE, which the Company adopted on February 1, 2003. SFAS No. 148 amends SFAS No. 123 ("SFAS No. 123"), ACCOUNTING FOR STOCK-BASED COMPENSATION, and provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results.

The Company has not adopted a method under SFAS No. 148 to expense stock options but rather continues to apply the provisions of SFAS No. 123. As SFAS No. 123 permits, the Company elected to continue accounting for its employee stock options in accordance with Accounting Principles Board Opinion No. 25 ("APB No. 25"), ACCOUNTING FOR STOCK ISSUED TO EMPLOYEES AND RELATED INTERPRETATIONS. APB No. 25 requires compensation expense to be recognized for stock options when the market price of the underlying stock exceeds the exercise price of the stock option on the date of the grant.

The Company utilizes the guidelines in APB No. 25 for measurement of stock-based transactions for employees and, accordingly no compensation expense has been recognized for the options in the accompanying consolidated financial statements for the three and nine months ended January 31, 2004 and January 31, 2003 in accordance with APB No. 25. Had the Company used a fair value model for measurement of stock-based transactions for employees under SFAS No. 123 and amortized the expense over the vesting period, pro forma information would be as follows:

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	JANUARY 31, 2004	JANUARY 31, 2003	JANUARY 31, 2004	JANUARY 31, 2003
Net loss, as reported	$ (4,137,000)	$ (2,650,000)	$(11,163,000)	$ (9,691,000)
Stock-based employee compensation cost that would have been included in the determination of net loss if the fair value based method had been applied to all awards	(996,000)	(367,000)	(1,450,000)	(1,658,000)
Pro forma net loss as if the fair value based method had been applied to all awards	$ (5,133,000)	$ (3,017,000)	$(12,613,000)	$(11,349,000)
Basic and diluted net loss per share, as reported	$ (0.03)	$ (0.02)	$ (0.08)	$ (0.08)
Basic and diluted net loss per share, pro forma	$ (0.04)	$ (0.03)	$ (0.10)	$ (0.10)

The Company accounts for equity instruments issued to non-employees using the fair value method in accordance with the provisions of SFAS No. 123 and Emerging Issues Task Issue No. 96-18, ACCOUNTING FOR EQUITY INSTRUMENTS THAT ARE ISSUED TO OTHER THAN EMPLOYEES FOR ACQUIRING, OR IN CONJUNCTION WITH SELLING, GOODS OR SERVICES. Stock-based compensation expense associated with non-employees recorded during each of the three and nine months ended January 31, 2004 and January 31, 2003 relates to stock option grants made to non-employees and has been measured utilizing the Black-Scholes option valuation model and is being amortized over the estimated period of service or related vesting period. Stock-based compensation expense associated with non-employees recorded during the three and nine months ended January 31, 2004 amounted to $109,000 and $229,000, respectively. Stock-based compensation expense associated with non-employees recorded during the three and nine months ended January 31, 2003 amounted to $135,000 and $418,000, respectively.

In addition, during August 2003, a member of the Board of Directors of the Company voluntarily cancelled an option to purchase shares of the Company's common stock due to an insufficient number of stock options available in the Company's stock option plans for new employee grants. During October 2003, the Company received shareholder approval for its 2003 Stock Option Plan ("2003 Plan") and the director was re-granted options to purchase shares under the 2003 Plan. In accordance with FASB Interpretation No. 44 ("FIN No. 44"), ACCOUNTING FOR CERTAIN TRANSACTIONS INVOLVING STOCK COMPENSATION, the option granted to the director under the 2003 Plan is subject to variable accounting, which could result in increases or decreases to compensation expense in subsequent periods based on movements in the intrinsic value of the option until the date the option is exercised, forfeited or expires unexercised. During the three and nine months ended January 31, 2004, the Company recognized $33,000 in compensation expense with respect to such option in accordance with FIN No. 44.

RECENT ACCOUNTING PRONOUNCEMENTS. In August 2001, the Financial Accounting Standards Board (the "FASB") issued Statement of Financial Accounting Standards No. 143 ("SFAS No. 143"), ASSET RETIREMENT OBLIGATIONS. SFAS No. 143 requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, the entity capitalizes the cost by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, an entity either settles the obligation for its recorded amount or incurs a gain or loss upon settlement. The standard is effective for fiscal years beginning after June 15, 2002. The Company adopted SFAS No.143 on May 1, 2003, which had no material impact on its consolidated financial position and results of operations.

In January 2003, the FASB issued Interpretation No. 46 ("FIN No. 46"), CONSOLIDATION OF VARIABLE INTEREST ENTITIES, an Interpretation of Accounting Principles Board No. 50. FIN No. 46 requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN No. 46 is effective for all new variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN No. 46 are required to be adopted in periods ending after December 15, 2003. The Company adopted FIN No. 46 during the quarter ended January 31, 2004, which had no material impact on its consolidated financial position and results of operations.

In May 2003, the FASB issued Statement of Financial Accounting Standards No. 150, ("SFAS No. 150"), ACCOUNTING FOR CERTAIN FINANCIAL INSTRUMENTS WITH CHARACTERISTICS OF BOTH LIABILITIES AND Equity. SFAS No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. The Company adopted SFAS No. 150 on August 1, 2003, which had no material impact on its consolidated financial position and results of operations.

In December 2003, the SEC issued Staff Accounting Bulletin No. 104, ("SAB No. 104"), REVENUE RECOGNITION. SAB No. 104 revises or rescinds portions of the SAB No. 101, REVENUE RECOGNITION IN FINANCIAL STATEMENTS and included in Topic 13 of the Codification of Staff Accounting Bulletins. SAB No. 104 deletes interpretative guidance no longer necessary, and conforms the interpretive material retained, because of pronouncements issued by the FASB's EITF on various revenue recognition topics, including EITF 00-21, REVENUE ARRANGEMENTS WITH MULTIPLE DELIVERABLES. SAB No. 104 also rescinds the SEC staff's REVENUE RECOGNITION IN FINANCIAL STATEMENTS - FREQUENTLY ASKED QUESTIONS AND ANSWERS (the "FAQ") issued in conjunction with SAB No. 101 and selected portions of the FAQ have been incorporated into SAB No. 104. The Company adopted SAB No. 104 during December 2003, which had no material impact on its consolidated financial position and results of operations.

3. SHORT-TERM INVESTMENT

During March 2003, the Company received 61,653 shares of SuperGen, Inc. common stock under a license agreement with SuperGen, Inc. dated February 13, 2001. The Company accounts for its short-term investment at fair value as trading securities in accordance with SFAS No. 115. The cost basis of the common stock was $200,000. During the quarter ended July 31, 2003, the Company sold all 61,653 shares of common stock of SuperGen, Inc. for gross proceeds of $271,000. The realized gain of $71,000 relating to the short-term investment is included in interest and other income in the accompanying consolidated financial statements for the nine months ended January 31, 2004.

4. NOTE RECEIVABLE

During December 1998, the Company completed the sale and subsequent leaseback of its two facilities and recorded an initial note receivable from the buyer of $1,925,000. In accordance with the related lease agreement, if the Company defaults under the lease agreement, including but not limited to, filing a petition for bankruptcy or failure to pay the basic rent within five (5) days of being due, the note receivable shall be deemed to be immediately satisfied in full and the buyer shall have no further obligation to the Company for such note receivable. Although the Company has made all payments under the lease agreement and has not filed for protection under the laws of bankruptcy, during the quarter ended October 31, 1999, the Company did not have sufficient cash on hand to meet its obligations on a timely basis and was operating at significantly reduced levels. In addition, at that time, if the Company could not raise additional cash by December 31, 1999, the Company may have had to file for protection under the laws of bankruptcy. Due to the uncertainty of the Company's ability to pay its lease obligations on a timely basis, the Company established a 100% reserve for the note receivable in the amount of $1,887,000 as of October 31, 1999. The Company reduces the reserve as payments are received and records the reduction as interest and other income in the accompanying consolidated statements of operations. Due to the uncertainty of the Company's capital resources beyond the next twelve months, the carrying value of the note receivable approximates its fair value at January 31, 2004. The Company has received all payments through March 2004.

The following represents a rollforward of the allowance of the Company's note receivable for the nine months ended January 31, 2004:

Allowance balance, April 30, 2003	$ 1,705,000
Principal payments received	(44,000)
Allowance balance, January 31, 2004	$ 1,661,000

5. CONVERTIBLE DEBT

On August 9, 2002, the Company entered into a private placement with four investors under a Securities Purchase Agreement ("Debt SPA"), whereby the Company issued Convertible Debentures ("Convertible Debt") for gross proceeds of $3,750,000. The Convertible Debt earns interest at a rate of 6% per annum payable in cash semi-annually each June 30th and December 31st, and mature in August 2005. Under the terms of the Convertible Debt, the principal amount is convertible, at the option of the holder, into a number of shares of common stock of the Company calculated by dividing the unpaid principal amount of the Convertible Debt by the initial conversion price of $0.85 per share ("Conversion Price").

In accordance with EITF 00-27, APPLICATION OF ISSUE NO. 98-5 TO CERTAIN CONVERTIBLE Instruments, the Company initially recorded its Convertible Debt net of discount of (i) the relative fair value of the warrants issued in the amount of $1,321,000 and (ii) the intrinsic value of the embedded conversion feature in the amount of $1,143,000. The relative fair value of the warrants was determined in accordance with the Black-Scholes valuation model based on the warrant terms. The debt discount associated with unconverted Convertible Debt and warrants are amortized as non-cash interest expense on a straight-line basis over the term of the Convertible Debt, which approximates the effective interest method, and the amortization is recorded as interest and other expense in the accompanying consolidated statements of operations. Upon conversion of any Convertible Debt, the entire unamortized debt discount remaining at the date of conversion that is associated with the converted Convertible Debt are immediately recognized as interest and other expense in the accompanying consolidated financial statements. During the three and nine months ended January 31, 2004, the Company recognized $367,000 and $1,635,000, respectively, in non-cash interest expense associated with the conversion of Convertible Debt, which amount was included in interest and other expense in the accompanying consolidated statements of operations. During the three and nine months ended January 31, 2003, the Company recognized $506,000 and $687,000, respectively, in non-cash interest expense associated with the Convertible Debt, which amount was included in interest and other expense in the accompanying consolidated statements of operations.

During the nine months ended January 31, 2004, Convertible Debt holders elected to convert an aggregate principal amount of $2,395,000 of the outstanding convertible debt in exchange for 2,817,645 shares of common stock at the conversion price of $0.85 per share. As of January 31, 2004, all outstanding convertible debt was converted into common stock and the associated discount was fully amortized as non-cash interest expense in the accompanying financial statements as follows:

Principal Balance of Convertible Debt	
Convertible debt, April 30, 2003	$ 2,395,000
Conversions, nine months ended January 31, 2004	(2,395,000)
Convertible debt, January 31, 2004	--

Discount on Convertible Debt	
Convertible debt discount, April 30, 2003	1,635,000
Discount amortized, nine months ended January 31, 2004	(1,635,000)
Convertible debt discount, January 31, 2004	--

Convertible debt, net of discount, January 31, 2004	$ --

Under the Debt SPA, each Debenture holder was granted a detachable warrant equal to 75% of the quotient obtained by dividing the principal amount of the Convertible Debt by the Conversion Price or an aggregate of 3,308,827 warrants. The detachable warrants have a 4-year term with an exercise price of $0.75 per share. During the nine months ended January 31, 2004, Debenture holders exercised 2,244,120 warrants under the Debt SPA for gross proceeds of $1,683,000 at the exercise price of $0.75 per share. As of January 31, 2004, 1,064,707 warrants were outstanding under the Debt SPA.

In connection with the Convertible Debt issued on August 9, 2002, the Company incurred approximately $363,000 in debt issuance costs, including placement agent fees of $318,000, which are being amortized on a straight-line basis over the life of the Convertible Debt, which approximates the effective interest method. Upon conversion of any Convertible Debt, the unamortized debt issuance costs remaining at the date of conversion which were allocated to the Convertible Debt is immediately recognized as non-cash interest expense. During the three and nine months ended January 31, 2004, the Company expensed $23,000 and $176,000, respectively, in debt issuance costs included in interest and other expense in the accompanying consolidated statements of operations. During the three and nine months ended January 31, 2003, the Company expensed $31,000 and $58,000, respectively, in debt issuance costs included in interest and other expense in the accompanying consolidated statements of operations. At January 31, 2004, the debt issuance costs were completely amortized.

6. LICENSING, RESEARCH AND DEVELOPMENT AGREEMENTS

During December 2002, the Company granted the exclusive rights for the development of diagnostic and imaging agents in the field of oncology to Schering A.G. under its Vascular Targeting Agent ("VTA") technology. Under the terms of the agreement, the Company received an up-front payment of $300,000, of which, $219,000 was included in deferred revenue at January 31, 2004, in accordance with SAB No. 101 and SAB No. 104. Deferred license revenue is amortized over the estimated term of the remaining obligations as stated in the agreement. In addition, the Company could also receive future milestone payments and a royalty on net sales, as defined in the agreement. Under the same agreement, the Company granted Schering A.G. an option to obtain certain non-exclusive rights to the VTA technology with predetermined up-front fees and milestone payments as defined in the agreement.

During December 2003, the Company entered into a research collaboration agreement with Aeres Biomedical Ltd. ("Aeres") regarding the humanization of one of the Company's Vascular Targeting Agent antibodies to be used as a potential clinical candidate. Under the terms of the research collaboration agreement, the Company is required to pay Aeres a non-refundable up-front payment, future project milestone payments and royalties on net sales. During January 2004, the Company issued and sold 243,101 shares of its common stock to Aeres valued at $648,000, of which, $164,000 was expensed during the quarter ended January 31, 2004 and $484,000 will be amortized as research and development expense in accordance with the terms of the agreement.

7. SEGMENT REPORTING

The Company's business is organized into two reportable operating segments (i) Peregrine, the parent company, is engaged in the research and development of cancer therapeutics and cancer diagnostics through a series of proprietary platform technologies using monoclonal antibodies, and (ii) Avid, is engaged in providing contract manufacturing and development of biologics to biopharmaceutical and biotechnology businesses.

The Company primarily evaluates the performance of its segments based on net revenues and gross profit or loss. The Company has no intersegment revenues and does not segregate assets at the segment level as such information is not used by management.

Net revenues and gross profit information for the Company's segments for the three months ended January 31, 2004 and 2003 consisted of the following:

	THREE MONTHS ENDED JANUARY 31,	
	2004	2003
NET REVENUES:		
Contract manufacturing and development of biologics	$ 211,000	$ 162,000
Research and development of cancer therapeutics	18,000	350,000
Total net revenues	$ 229,000	$ 512,000
GROSS PROFIT (LOSS):		
Contract manufacturing and development of biologics	$ (12,000)	$ (108,000)
Research and development of cancer therapeutics	18,000	350,000
Total gross profit	$ 6,000	$ 242,000

For the three months ended January 31, 2004, two customers located in the U.S. accounted for 32% of reported net revenues and one customer headquartered in Israel accounted for 68% of reported net revenues.

For the three months ended January 31, 2003, one customer located in the U.S. accounted for 26% of reported net revenues and one customer located in Europe accounted for 68% of reported net revenues.

Net revenues and gross profit information for the Company's segments for the nine months ended January 31, 2004 and 2003 consisted of the following:

	NINE MONTHS ENDED JANUARY 31,	
	2004	2003
NET REVENUES:		
Contract manufacturing and development of biologics	$ 1,403,000	$ 1,257,000
Research and development of cancer therapeutics	56,000	350,000
Total net revenues	$ 1,459,000	$ 1,607,000
GROSS PROFIT (LOSS):		
Contract manufacturing and development of biologics	$ 196,000	$ (44,000)
Research and development of cancer therapeutics	56,000	350,000
Total gross profit	$ 252,000	$ 306,000

For the nine months ended January 31, 2004, two customers located in the U.S. accounted for 54% of reported net revenues and one customer headquartered in Israel accounted for 38% of reported net revenues.

For the nine months ended January 31, 2003, one customer located in the U.S. accounted for 40% of reported net revenues and one customer located in Europe accounted for 57% of reported net revenues.

8. STOCKHOLDERS' EQUITY

FINANCING UNDER SHELF REGISTRATION STATEMENT ON FORM S-3, FILE NUMBER 333-71086

On November 14, 2001, the Company filed a registration statement on Form S-3, File Number 333-71086 (the "November 2001 Shelf") which was declared effective by the Securities and Exchange Commission, allowing the Company to issue, from time to time, in one or more offerings, (i) up to 10,000,000 shares of its common stock, and (ii) warrants to purchase up to 2,000,000 shares of its common stock.

On June 6, 2003, the Company received gross proceeds of $355,000 under a Common Stock Purchase Agreement in exchange for 412,445 shares of its common stock. In connection with the offering, the Company paid a fee to the placement agent equal to five percent (5%) of the gross proceeds, or $18,000.

As of January 31, 2004, 87,555 shares of common stock were available for issuance under the November 2001 Shelf. All warrants were issued under the November 2001 Shelf as of January 31, 2004.

FINANCING UNDER SHELF REGISTRATION STATEMENT ON FORM S-3, FILE NUMBER 333-103965

On March 21, 2003, the Company filed a registration statement on Form S-3, File Number 333-103965 which was declared effective by the Securities and Exchange Commission, allowing the Company to issue, from time to time, in one or more offerings, up to 10,000,000 shares of its common stock ("March 2003 Shelf"). As of January 31, 2004, 9,999,997 shares of common stock were issued under the March 2003 Shelf under the following transactions:

On June 6, 2003, the Company received gross proceeds of $1,720,000 under a Common Stock Purchase Agreement in exchange for 2,000,003 shares of its common stock and warrants to purchase up to 150,000 shares of common stock at an exercise price of $0.86 per share ("June 6, 2003 Financing"). The warrants have a four-year term and are exercisable at an exercise price of $0.86 per share. The fair value of the warrants was recorded as a cost of equity based on a Black-Scholes valuation model after considering the terms in the related warrant agreement. The warrants were issued under the November 2001 Shelf. In connection with the offering, the Company paid a fee to the placement agent equal to five percent (5%) of the gross proceeds, or $86,000.

On June 26, 2003, the Company received gross proceeds of $1,840,000 under a Common Stock Purchase Agreement in exchange for 1,599,997 shares of its common stock ("June 26, 2003 Financing"). Under the same arrangement, the Company granted the investors a six-month option to purchase up to 1,599,997 additional shares of common stock from the Company under the same terms as this offering. The fair value of the option was recorded as a cost of equity based on a Black-Scholes valuation model after considering terms in the related agreement. In connection with the offering, the Company paid a fee to the placement agent equal to five percent (5%) of the gross proceeds, or $92,000. During the nine months ended January 31, 2004, investors elected to purchase all 1,599,997 shares of the Company's common stock under the six-month option in exchange for gross proceeds of $1,840,000.

On July 24, 2003, the Company entered into a Common Stock Purchase Agreement with one institutional investor whereby the Company agreed to sell from time to time, at the Company's option, up to an aggregate of 2,000,000

shares of the Company's common stock at the per share price of $1.45 ("July 24, 2003 Financing"). As of January 31, 2004, the Company had sold and issued all 2,000,000 shares of its common stock under the July 24, 2003 Financing to the institutional investor for gross proceeds of $2,900,000. The Company paid no commissions in connection with this offering.

On September 18, 2003, the Company entered into a Common Stock Purchase Agreement with one institutional investor whereby the Company agreed to sell from time to time, at the Company's option, up to an aggregate of 2,800,000 shares of the Company's common stock at predetermined per share prices based upon the average closing price of its common stock for the prior three trading days ("September 18, 2003 Financing"). As of January 31, 2004, the Company had sold and issued all 2,800,000 shares of its common stock under the September 18, 2003 Financing to the institutional investor in exchange for gross proceeds of $5,292,000. The Company paid no commissions in connection with this offering.

FINANCING UNDER SHELF REGISTRATION STATEMENT ON FORM S-3, FILE NUMBER 333-109982

On October 24, 2003, the Company filed a registration statement on Form S-3, File Number 333-109982 which was declared effective by the Securities and Exchange Commission on November 5, 2003, allowing the Company to issue, from time to time, in one or more offerings, up to 12,000,000 shares of its common stock ("October 2003 Shelf").

On November 17, 2003, the Company entered into a Common Stock Purchase Agreement with one institutional investor whereby the Company agreed to sell from time to time, at the Company's option, up to an aggregate of 2,000,000 shares of the Company's common stock at predetermined per share prices based upon the average closing price of its common stock for the prior three trading days ("November 17, 2003 Financing"). During the quarter ended January 31, 2004, the Company received aggregate gross proceeds of $4,257,000 in exchange for the issuance of 2,000,000 shares of its common stock to the institutional investor. The Company paid no commissions in connection with this offering.

On January 22, 2004, the Company entered into a Common Stock Purchase Agreement with one institutional investor whereby the Company agreed to sell from time to time, at the Company's option, up to an aggregate of 3,000,000 shares of the Company's common stock at a price per share based upon a discount to the average volume weighted average price of our common stock for the three trading days prior to the date of the put, which per share prices can be adjusted upon mutual agreement ("January 22, 2004 Financing"). During the quarter ended January 31, 2004, the Company received aggregate gross proceeds of $625,000 in exchange for the issuance of 250,000 shares of its common stock to the institutional investor. As of January 31, 2004, 2,750,000 shares of common stock were available for issuance under the January 22, 2004 Financing. The Company paid no commission in connection with this offering.

During January 2004, the Company issued and sold 243,101 shares of its common stock to Aeres Biomedical Ltd. as payment for certain amounts due under a research collaboration agreement dated December 9, 2003 for antibody development services pertaining to one of the Company's Vascular Targeting Agent antibodies (Note 6).

As of January 31, 2004, 9,506,899 shares of common stock were available for issuance under the October 2003 Shelf.

9. OPTIONS AND WARRANTS

During the nine months ended January 31, 2004, the Company received net proceeds of $615,000 upon the exercise of 947,031 options. As of January 31, 2004, options to purchase 11,652,951 shares of the Company's common stock were issued and outstanding at an average exercise price of $1.45 per share.

During the nine months ended January 31, 2004, the Company received net proceeds of $2,786,000 upon the exercise of 4,087,871 warrants on a combined cash and cashless basis in exchange for the issuance of 4,063,251 shares of the Company's common stock. As of January 31, 2004, warrants to purchase up to 16,001,848 shares of the Company's common stock were issued and outstanding at an average exercise price of $1.60 per share.

10. SUBSEQUENT EVENTS

On March 10, 2004, the Company issued and sold 750,000 shares of its common stock in exchange for aggregate net proceeds of $1,650,000 under the January 22, 2004 Financing. As of March 12, 2004, 2,000,000 shares of common stock were available for issuance under the January 22, 2004 Financing.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

THIS FORM 10-Q CONTAINS FORWARD-LOOKING STATEMENTS BASED ON OUR CURRENT EXPECTATIONS. IN SOME CASES, YOU CAN IDENTIFY THESE STATEMENTS BY TERMINOLOGY SUCH AS "MAY", "SHOULD", "PLANS", "BELIEVE", "WILL", "ANTICIPATE", "ESTIMATE", "EXPECT", OR "INTEND", INCLUDING THEIR OPPOSITES OR SIMILAR PHRASES OR EXPRESSIONS. YOU SHOULD BE AWARE THAT THESE STATEMENTS ARE PROJECTIONS OR ESTIMATES AS TO FUTURE EVENTS AND ARE SUBJECT TO A NUMBER OF FACTORS THAT MAY TEND TO INFLUENCE THE ACCURACY OF THE STATEMENTS. THESE FORWARD-LOOKING STATEMENTS SHOULD NOT BE REGARDED AS A REPRESENTATION BY THE COMPANY OR ANY OTHER PERSON THAT THE EVENTS OR PLANS OF THE COMPANY WILL BE ACHIEVED. ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THESE FORWARD LOOKING STATEMENTS.

TO GAIN A BETTER UNDERSTANDING OF THE RISK FACTORS THAT MAY TEND TO INFLUENCE THE ACCURACY OF OUR FORWARD LOOKING STATEMENTS, WE RECOMMEND THAT YOU READ THE RISK FACTORS IDENTIFIED IN THE COMPANY'S ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED APRIL 30, 2003, WHICH WAS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JULY 29, 2003. ALTHOUGH WE BELIEVE THAT THE RISKS DESCRIBED IN THE 10-K REPRESENT ALL MATERIAL RISKS CURRENTLY APPLICABLE TO US, ADDITIONAL RISKS AND UNCERTAINTIES NOT PRESENTLY KNOWN TO US OR THAT ARE CURRENTLY NOT BELIEVED TO BE IMPORTANT TO US MAY ALSO AFFECT OUR ACTUAL FUTURE RESULTS AND COULD HARM OUR BUSINESS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

To gain a better overall understanding of the Company, you should refer to the consolidated financial statements and notes thereto contained herein and our Annual Report on Form 10-K for the year ended April 30, 2003, which was filed with the Securities and Exchange Commission on July 29, 2003. Results of operations for the interim periods covered by this quarterly report on Form 10-Q may not necessarily be indicative of results of operations for the full fiscal year.

COMPANY OVERVIEW

Peregrine Pharmaceuticals, Inc., ("Peregrine") located in Tustin, California, is a biotechnology company engaged in the research, development and manufacturing of biotechnology products. We are organized into two reportable operating segments: (i) Peregrine, the parent company, is engaged in the research and development of novel therapeutics and (ii) Avid Bioservices, Inc., ("Avid") a wholly-owned subsidiary, is engaged in providing contract manufacturing and development of biologics for biopharmaceutical and biotechnology companies.

Our research and development efforts focus on discovering and developing products that effect blood flow to tumors. Our vascular research programs fall under several different proprietary platforms including Anti-Phospholipid Therapy (APT), Vascular Targeting Agents (VTAs), anti-Angiogenesis, and Vasopermeation Enhancement Agents (VEAs). We have research collaborations with pharmaceutical and biotechnology companies to develop our VTA platform for therapeutic and diagnostic applications and we expect to enter our first APT compound into clinical trials for cancer therapy during calendar year 2004.

Our vascular agents may also have applications in other angiogenesis-dependent diseases besides cancer such as diabetes, arthritis, skin disorders and eye diseases. Peregrine currently has exclusive rights to over 190 U.S. and foreign patents and pending patent applications that broadly cover its vascular programs. In addition, we are currently evaluating our proprietary targets for use in treating non-angiogenesis dependent diseases such as viral infection. We believe that our pre-clinical data and the broad nature of our intellectual property may provide many opportunities for product development, partnering and licensing.

Our most clinically advanced therapeutic program is based on a targeting platform outside vascular biology. This technology platform is known as Tumor Necrosis Therapy (TNT) and targets dead or dying tumor cells that are common to the majority of different tumor types. Cotara(TM), the most clinically advanced TNT program, is currently in a phase I clinical trial for the treatment of colorectal carcinoma at Stanford University Medical Center. In addition, we have received protocol approval from the U.S. Food and Drug Administration ("FDA") to initiate a registration clinical study for the treatment of brain cancer. We are currently seeking a development or funding partner to move the brain cancer program forward. We believe that continuing the clinical development of Cotara(TM) in tumor types other than brain cancer will add significant value to the program. We also have a research collaboration to

develop immunocytokines based on the TNT platform and a TNT-based agent has been developed and approved for the treatment of lung cancer in China under a licensing agreement.

Avid was formed from Peregrine's manufacturing expertise and production facility in Tustin, California to provide an array of contract services. Services provided by Avid include manufacturing of antibodies and proteins under current Good Manufacturing Practices (cGMP), process development, and testing for biopharmaceutical and biotechnology companies. Avid has produced biotechnology products to be used in phase I through phase III clinical trials. Avid continues to provide services for Peregrine including cGMP material for its Cotara(TM) and Anti-Phospholipid Therapy programs. Due to the anticipated increased demand for Avid services, we will be more than doubling our production capacity during calendar 2004 through the addition of a 1,000 liter bioreactor.

We are actively exploring transactions that would allow us to leverage our various technologies as a means of raising capital to support operations in addition to equity financing. The transactions we are exploring include licensing, partnering or the sale of Cotara(TM), Oncolym(R), or various portions of our VTA and VEA technologies. We are also exploring possible strategic transactions related to Avid which could include partnering, or a complete sale of Avid as a means of raising additional capital. Avid is currently an integral part of Peregrine's product development plans so any transaction involving Avid would necessarily have to provide Peregrine with adequate resources or manufacturing credits that would allow it to continue moving its product pipeline forward.

CRITICAL ACCOUNTING POLICIES

The methods, estimates and judgments we use in applying our most critical accounting policies have a significant impact on the results we report in our consolidated financial statements. We evaluate our estimates and judgments on an on-going basis. We base our estimates on historical experience and on assumptions that we believe to be reasonable under the circumstances. Our experience and assumptions form the basis for our judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may vary from what we anticipate and different assumptions or estimates about the future could change our reported results. We believe the following accounting policies are the most critical to us, in that they are important to the portrayal of our financial statements and they require our most difficult, subjective or complex judgments in the preparation of our consolidated financial statements:

REVENUE RECOGNITION. We currently derive revenues primarily from licensing agreements associated with Peregrine's technologies under development and from contract manufacturing services provided by Avid. We recognize revenues pursuant to Staff Accounting Bulletin No. 101, REVENUE RECOGNITION IN FINANCIAL STATEMENTS, as well as the recently issued Staff Accounting Bulletin No. 104, REVENUE RECOGNITION. These bulletins draw on existing accounting rules and provides specific guidance on how those accounting rules should be applied. Revenue is generally realized or realizable and earned when (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred or services have been rendered, (iii) the seller's price to the buyer is fixed or determinable, and (iv) collectibility is reasonably assured.

Revenues associated with licensing agreements primarily consist of nonrefundable up-front license fees and milestones payments. Revenues under licensing agreements are recognized based on the performance requirements of the agreement. Nonrefundable up-front license fees received under license agreements, whereby continued performance or future obligations are considered inconsequential to the relevant licensed technology, are generally recognized as revenue upon delivery of the technology. Milestone payments are generally recognized as revenue upon completion of the milestone assuming there are no other continuing obligations. Nonrefundable up-front license fees, whereby we have an ongoing involvement or performance obligation, are generally recorded as deferred revenue and generally recognized as revenue over the term of the performance obligation or relevant agreement. Under some license agreements, the obligation period may not be contractually defined. Under these circumstances, we must exercise judgment in estimating the period of time over which certain deliverables will be provided to enable the licensee to practice the license.

Contract manufacturing revenues are generally recognized once the service has been provided and/or upon shipment of the product to the customer. We also record a provision for estimated contract losses, if any, in the period in which they are determined.

In July 2000, the Emerging Issues Task Force ("EITF") released Issue 99-19 ("EITF 99-19"), REPORTING REVENUE GROSS AS A PRINCIPAL VERSUS NET AS AN AGENT. EITF 99-19 summarized the EITF's views on when revenue should be recorded at the gross amount billed to a customer because it has earned revenue from the sale of goods or services, or the net amount retained (the amount billed to the customer less the amount paid to a supplier) because it has earned a fee or commission. In addition, the EITF released Issue 00-10 ("EITF 00-10"), ACCOUNTING FOR SHIPPING AND HANDLING FEES AND COSTS, and Issue 01-14 ("EITF 01-14"), INCOME STATEMENT CHARACTERIZATION OF REIMBURSEMENTS RECEIVED FOR "OUT-OF-POCKET" EXPENSES INCURRED. EITF 00-10 summarized the EITF's views on how the seller of goods should classify in the income statement amounts billed to a customer for shipping and handling and the costs associated with shipping and handling. EITF 01-14 summarized the EITF's views on when the reimbursement of out-of-pocket expenses should be characterized as revenue or as a reduction of expenses incurred. Our revenue recognition policies are in compliance with EITF 99-19, EITF 00-10 and EITF 01-14 whereby we record revenue for the gross amount billed to customers (the cost of raw materials, supplies, and shipping, plus the related handling mark-up fee) and record the cost of the amounts billed as cost of sales as we act as a principal in these transactions.

ALLOWANCE FOR DOUBTFUL RECEIVABLES. We continually monitor our allowance for all receivables. A considerable amount of judgment is required in assessing the ultimate realization of these receivables and we estimate an allowance for doubtful accounts based on factors that appear reasonable under the circumstances.

RESULTS OF OPERATIONS

The following table compares the statement of operations for the three and nine-month periods ended January 31, 2004 to the same periods in the prior year. This table provides you with an overview of the changes in the statement of operations for the comparative periods, which changes are further discussed below.

	THREE MONTHS ENDED JANUARY 31,			NINE MONTHS ENDED JANUARY 31,		
	2004	2003	$ CHANGE	2004	2003	$ CHANGE
	(IN THOUSANDS)			(IN THOUSANDS)		
REVENUES:						
Contract manufacturing revenue	$ 211	$ 162	$ 49	$ 1,403	$ 1,257	$ 146
License revenue	18	350	(332)	56	350	(294)
Total revenues	229	512	(283)	1,459	1,607	(148)
COST AND EXPENSES:						
Cost of contract manufacturing	223	270	(47)	1,207	1,301	(94)
Research and development	2,723	1,676	1,047	6,570	7,126	(556)
Selling, general and administrative	1,096	681	415	3,224	2,204	1,020
Total cost and expenses	4,042	2,627	1,415	11,001	10,631	370
LOSS FROM OPERATIONS	(3,813)	(2,115)	(1,698)	(9,542)	(9,024)	(518)

OTHER INCOME (EXPENSE):						
Interest and other income	70	57	13	219	197	22
Interest and other expense	(394)	(592)	198	(1,840)	(864)	(976)
NET LOSS	$ (4,137)	$ (2,650)	$ (1,487)	$(11,163)	$ (9,691)	$ (1,472)

TOTAL REVENUES:

Three Months: The decrease in revenues of $283,000 during the three months ended January 31, 2004 compared to the same period in the prior year was primarily due to a reduction in license revenues of $332,000. During the prior three months ended January 2003, we recognized $350,000 in license revenue associated with certain TNT rights licensed to Merck KGaA while we had no corresponding revenue recognized during the current quarter. This decrease in license revenue was offset by an increase in contract manufacturing revenues of $49,000 due to increased activities. In addition, during the current quarter, we had two clinical lots of material for one customer in-process which are subject to certain outside biological testing requirements. After the clinical lots are tested (which could take up to two months to complete), and all related product is shipped, we could recognize up to $1.2 million in contract manufacturing revenues in an upcoming period in addition to future services to be performed on other current contracts. Although we believe the product will meet customer testing requirements, there are no assurances or guarantees that all testing and services will meet customer specifications or that the related revenues will be recognized on the two in-process clinical lots.

Nine Months: The decrease in total revenues of $148,000 during the nine months ended January 31, 2004 compared to the same prior year period is primarily due to a decrease in license revenues of $294,000 for reasons mentioned directly above. This decrease was offset by an increase in contract manufacturing revenues of $146,000 due to increase customer activities compared to the prior year.

We expect contract manufacturing revenue to increase during the remainder of the current fiscal year based on the anticipated completion of projects under our current contract manufacturing agreements. In addition to our current contract manufacturing agreements, Avid currently has numerous outstanding project proposals with various potential customers, however, we cannot estimate nor can we determine the likelihood that we will be successful in converting any of these proposals into definitive agreements during the remainder of the current fiscal year.

COST OF CONTRACT MANUFACTURING

Three Months: The current quarter decrease in cost of contract manufacturing compared to the same prior year period is primarily due to Peregrine's increased use of the manufacturing facility for its products under development and the related costs being allocated to research and development expenses. During the current quarter, we increased our antibody process development efforts associated with the Anti-Phospholipid Therapy program and manufactured the Anti-Phospholipid Therapy antibody for research and toxicology studies required for the anticipated commencement of Phase I clinical studies during calendar year 2004.

Nine Months: The current nine month decrease in cost of contract manufacturing compared to the same prior year period was also primarily due to Peregrine's increased use of the manufacturing facility for its products under development and the related costs being allocated to research and development expenses as mentioned above.

RESEARCH AND DEVELOPMENT EXPENSES:

Three Months: The increase in research and development expenses of $1,047,000 during the three months ended January 31, 2004 compared to the same period in the prior year was primarily due to an increase in Anti-Phospholipid Therapy pre-clinical development expenses. During the current quarter, we expended an aggregate of $769,000 for antibody license and development fees and toxicology studies associated with the Anti-Phospholipid Therapy program, which amount was not incurred in the same prior year quarter. We anticipate initiating a Phase I clinical study using Anti-Phospholipid Therapy during the current calendar year. In addition, we incurred a current quarter increase in foreign patent filing fees of $126,000 primarily related to the Vascular Targeting Agent technology and the Anti-Phospholipid Therapy. We expect research and development expenses to increase over the near term primarily under the following ongoing research and development programs:

1. Cotara(TM) clinical program at Stanford University for the treatment of colorectal cancer;

2. Anti-Phospholipid Therapy pre-clinical and clinical programs for the anticipated commencement of Phase I clinical trials during calendar year 2004;
3. 2C3 (anti-VEGF antibody) research and development program;
4. Vascular Targeting Agent research and development program; and
5. Vasopermeation Enhancement Agent research and development program.

Nine Months: The decrease in research and development expenses of $556,000 during the nine months ended January 31, 2004 compared to the same period in the prior year was primarily due to a decrease in clinical trial program expenses associated with a previously planned registration trial using Cotara(TM) for the treatment of brain cancer. During the first quarter of fiscal year 2003, we incurred significant expenses associated with seeking protocol approval for the Cotara(TM) registration trial, including clinical trial start-up activities such as a European investigator meeting. We received approval from the U.S. Food and Drug Administration to initiate the Cotara(TM) registration trial in February 2003 and we are currently seeking a development or funding partner to initiate the Cotara(TM) brain study. This current nine month decrease in Cotara(TM) clinical expenses was offset by a current quarter increase in pre-clinical expenses associated with the Anti-Phospholipid Therapy program as described above.

The following represents the research and development expenses ("R&D Expenses") we have incurred by each major platform technology under development:

PLATFORM TECHNOLOGY UNDER DEVELOPMENT	R&D EXPENSES-QUARTER ENDED JANUARY 31, 2004	R&D EXPENSES-MAY 1, 1998 TO JANUARY 31, 2004
TNT development (Cotara(TM))	$ 333,000	$ 25,211,000
VEA development	362,000	4,294,000
VTA development	1,870,000	9,083,000
Oncolym(R)development	158,000	13,407,000
Total research and development	$ 2,723,000	$ 51,995,000

From inception to April 1998, we expensed $20,898,000 on research and development of our product candidates, with the costs primarily being closely split between the TNT and Oncolym(R) technologies. In addition to the above costs, we expensed an aggregate of $32,004,000 for the acquisition of our TNT and VTA technologies, which were acquired during fiscal years 1995 and 1997, respectively.

Looking beyond the next twelve months, it is extremely difficult for us to reasonably estimate all future research and development costs associated with each of our technologies due to the number of unknowns and uncertainties associated with pre-clinical and clinical trial development. These unknown variables and uncertainties include, but are not limited to:

- The uncertainty of our capital resources to fund research, development and clinical studies beyond the current fiscal year;
- The uncertainty of future costs associated with our pre-clinical candidates, Anti-Phospholipid Therapy, Vasopermeation Enhancement Agents and Vascular Targeting Agents, which costs are dependent on the success of pre-clinical development. We are uncertain whether or not these product candidates will be successful and we are uncertain whether or not we will incur any additional costs beyond pre-clinical development;
- The uncertainty of future clinical trial results;
- The uncertainty of the number of patients to be treated in any clinical trial;
- The uncertainty of the Food and Drug Administration allowing our studies to move forward from Phase I clinical studies to Phase II and Phase III clinical studies;

- The uncertainty of the rate at which patients are enrolled into any current or future study. Any delays in clinical trials could significantly increase the cost of the study and would extend the estimated completion dates.
- The uncertainty of terms related to potential future partnering or licensing arrangements; and
- The uncertainty of protocol changes and modifications in the design of our clinical trial studies, which may increase or decrease our future costs.

We or our potential partners will need to do additional development and clinical testing prior to seeking any regulatory approval for commercialization of our product candidates as all of our products are in clinical and pre-clinical development. Testing, manufacturing, commercialization, advertising, promotion, exporting and marketing, among other things, of our proposed products are subject to extensive regulation by governmental authorities in the United States and other countries. The testing and approval process requires substantial time, effort and financial resources, and we cannot guarantee that any approval will be granted on a timely basis, if at all. Companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in conducting advanced human clinical trials, even after obtaining promising results in earlier trials. Furthermore, the United States Food and Drug Administration may suspend clinical trials at any time on various grounds, including a finding that the subjects or patients are being exposed to an unacceptable health risk. Even if regulatory approval of a product is granted, such approval may entail limitations on the indicated uses for which it may be marketed. Accordingly, we or our potential partners may experience difficulties and delays in obtaining necessary governmental clearances and approvals to market our products, and we or our potential partners may not be able to obtain all necessary governmental clearances and approvals to market our products.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:
- ----------

Three and Nine Months: Selling, general and administrative expenses consist primarily of compensation, board fees, facility, travel, legal and accounting fees, insurance, and other expenses relating to our general management, financial, administrative and business development activities. The increase in selling, general and administrative expenses of $415,000 (three months) and $1,020,000 (nine months) is primarily due to an increase in compensation and related expenses associated with Avid and our efforts to license our technologies under development. This increase was supplemented by an increase in director fees associated with increased oversight responsibilities mandated by the Sarbanes-Oxley Act of 2002. Prior to the current fiscal year, directors did not receive any cash compensation other than the reimbursement of expenses.

INTEREST AND OTHER EXPENSE:
- ----------

Three Months: The decrease in interest and other expense of $198,000 during the three months ended January 31, 2004 compared to the same period in the prior year is primarily due to a decrease in interest expense associated with the convertible debt issued in August 2002 as a result of a lower average convertible debt balance during the current quarter compared to the prior year. During the quarter ended January 31, 2004, the remaining $400,000 in convertible debt was converted into common stock.

Nine Months: The increase in interest and other expense of $976,000 during the nine months ended January 31, 2004 compared to the same period in the prior year is primarily due to an increase in non-cash interest expense associated with the amortization of the convertible debt discount and debt issuance costs related to the conversions of convertible debt primarily during the quarter ended July 31, 2003.

The following non-cash interest expense was included in Interest and other expense in the accompanying consolidated financial statements:

	THREE MONTHS ENDED JANUARY 31,		NINE MONTHS ENDED JANUARY 31,	
	2004	2003	2004	2003
Interest and other expense, as reported	$ 394,000	$ 592,000	$ 1,840,000	$ 864,000
Less interest and other expenses paid in cash	(4,000)	(56,000)	(29,000)	(119,000)
Interest, non-cash expense	$ 390,000	$ 536,000	$ 1,811,000	$ 745,000

LIQUIDITY AND CAPITAL RESOURCES

At January 31, 2004, we had $15,740,000 in cash and cash equivalents. On March 10, 2004, we issued and sold 750,000 shares of our common stock in exchange for $1,650,000. Our cash and cash equivalents balance as of March 12, 2004 was $15,802,000 including the amount raised on March 10, 2004. During the nine months ended January 31, 2004, we raised $21,938,000 in net proceeds under various equity transactions (as further explained in our notes to the consolidated financial statements contained herein). Since inception, we have generally financed our operations primarily through the sale of our common stock and issuance of convertible debt, which has been supplemented with payments received from various licensing collaborations and through the revenues generated by Avid. We plan to raise additional capital through the offer and sale of shares or our common stock pursuant to our current shelf registration statement on Form S-3, File No. 333-109982, which as of March 12, 2004, had 8,756,899 shares available for possible future transactions.

During the nine months ended January 31, 2004, cash used in operating activities decreased $642,000 to $8,866,000 compared to $9,508,000 for the nine months ended January 31, 2003. Net cash used in investing activities increased $297,000 to $469,000 for the nine months ended January 31, 2004 compared to $172,000 for the nine months ended January 31, 2003. The increase in cash used in investing activities is primarily due to added laboratory equipment combined with installment payments made on the planned 1,000-liter bioreactor to be installed during calendar year 2004. Net cash provided by financing activities increased $14,398,000 to $21,938,000 for the nine months ended January 31, 2004 compared to net cash provided of $7,540,000 for the same prior year period. The increase in net cash provided by financing activities was due to $21,938,000 in net proceeds received from the sale of our common stock and the exercise of options and warrants during the nine months ended January 31, 2004.

We have expended substantial funds on the development of our product candidates and for clinical trials and we have incurred negative cash flows from operations for the majority of our years since inception. We expect negative cash flows from operations to continue until we are able to generate sufficient revenue from the contract manufacturing services provided by Avid and/or from the licensing of Peregrine's products under development.

Revenues earned by Avid during the nine months ended January 31, 2004 amounted to $1,403,000. We expect that Avid will continue to generate revenues which should lower consolidated cash flows used in operations, although we expect those near term revenues will be insufficient to cover consolidated cash flows used in operations. As such, we will continue to need to raise additional capital to provide for our operations, including the anticipated development and clinical costs of Anti-Phospholipid Therapy and Cotara(TM), the anticipated development costs associated with Vasopermeation Enhancement Agents ("VEA's") and Vascular Targeting Agents ("VTA's"), and the potential expansion of Avid's manufacturing capabilities.

Assuming we do not raise any additional capital from financing activities or from the sale or licensing of our technologies, and further assuming that Avid does not generate any additional revenues beyond our current active contracts, we believe we have sufficient cash on hand to meet our obligations on a timely basis for at least the next twelve months.

In addition to equity financing, we are actively exploring various other sources of cash by leveraging our many assets. The transactions being explored include licensing, partnering or the sale of Cotara(TM) and Oncolym(R), divesting all radiopharmaceutical based technologies, including Oncolym(R), Cotara(TM), and radiopharmaceutical uses of our VTA's, and licensing or partnering our various VEA and VTA based technology uses.

In addition to licensing, partnering or the divestiture of some of our technologies to raise capital, we are also exploring a possible strategic transaction related to our subsidiary, Avid Bioservices, Inc. In this regard, we are exploring the possibility to partner or a complete sale of Avid as a means of raising additional capital.

There can be no assurances that we will be successful in raising such funds on terms acceptable to us, or at all, or that sufficient additional capital will be raised to complete the research, development, and clinical testing of our product candidates.

COMMITMENTS

At January 31, 2004, we had no material capital commitments, other than the balance owed for the 1,000-liter bioreactor ordered by Avid in the amount of $303,000. In addition, we have significant obligations under license agreements that are contingent on clinical trial development milestones.

RISK FACTORS OF OUR COMPANY

The biotechnology industry includes many risks and challenges. Our challenges may include, but are not limited to: uncertainties associated with completing pre-clinical and clinical trials for our technologies; the significant costs to develop our products as all of our products are currently in development, pre-clinical studies or clinical trials and no revenue has been generated from commercial product sales; obtaining additional financing to support our operations and the development of our products; obtaining regulatory approval for our technologies; complying with governmental regulations applicable to our business; obtaining the raw materials necessary in the development of such compounds; consummating collaborative arrangements with corporate partners for product development; achieving milestones under collaborative arrangements with corporate partners; developing the capacity to manufacture, market and sell our products, either directly or indirectly with collaborative partners; developing market demand for and acceptance of such products; competing effectively with other pharmaceutical and biotechnological products; attracting and retaining key personnel; protecting proprietary rights; accurately forecasting operating and capital expenditures, other capital commitments, or clinical trial costs and general economic conditions. A more detailed discussion regarding our industry and business risk factors can be found in our Annual Report on Form 10-K for the year ended April 30, 2003, as filed with the Securities and Exchange Commission on July 29, 2003.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Changes in United States interest rates would affect the interest earned on the Company's cash and cash equivalents. Based on the Company's overall interest rate exposure at January 31, 2004, a near-term change in interest rates, based on historical movements, would not materially affect the fair value of interest rate sensitive instruments. The Company's debt instruments have fixed interest rates and terms and, therefore, a significant change in interest rates would not have a material adverse effect on the Company's financial position or results of operations.

ITEM 4. CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e)) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that are designed to ensure that information required to be disclosed in its reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure

controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

The Company carried out an evaluation, under the supervision and with the participation of management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of its disclosure controls and procedures as of January 31, 2004, the end of the period covered by this Quarterly Report. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that its disclosure controls and procedures were effective at the reasonable assurance level as of January 31, 2004.

There have been no changes in the Company's internal control over financial reporting, during the quarter ended January 31, 2004, that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

Although the Company is not a party to any legal proceedings, the Company is currently investigating whether certain technologies discovered and developed at the University of Southern California ("USC") and subsequently licensed to a private company, Pivotal BioSciences, Inc., an entity we believe is partially owned by the principal investigator and others at USC, were developed using resources under the Company's sponsored research agreement with USC and/or funding provided from another source for which the Company has geographic technology rights. The current investigation does not affect the Company's current rights to its technologies under development nor should it have any effect, regardless of the outcome of the investigation, on the development of any of the Company's existing technologies.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS.

The following is a summary of transactions by the Company during the quarterly period of November 1, 2003 through January 31, 2004 involving issuance and sales of the Company's securities that were not registered under the Securities Act of 1933, as amended (the "Securities Act").

On January 6, 2004, a debenture holder elected to convert $400,000 of the outstanding convertible debt in exchange for 470,588 shares of common stock at the conversion price of $0.85 per share. The convertible debentures were issued in conjunction with a Securities Purchase Agreement ("SPA") entered into during August 2002.

On January 23, 2004, the Company issued 138,462 shares of common stock to a debenture holder upon the exercise of 138,462 warrants at an exercise price of $0.71 per share. The warrants were issued in conjunction with the SPA entered into during August 2002.

The issuances of the securities of the Company in the above transactions were deemed to be exempt from registration under the Securities Act by virtue of Section 4(2) thereof or Regulation D promulgated thereunder, as a transaction by an issuer not involving a public offering. The recipient of such securities either received adequate information about the Company or had access, through employment or other relationships with the Company, to such information.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES. None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS. None.

ITEM 5. OTHER INFORMATION. None.

ITEM 6. EXHIBITS AND REPORT ON FORM 8-K.

(a) Exhibits:

10.92	Common Stock Purchase Agreement dated January 22, 2004 between Registrant and one institutional investor.
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b) Reports on Form 8-K: None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PEREGRINE PHARMACEUTICALS, INC.

By: /s/ Steven W. King

Steven W. King
President & Chief Executive Officer

/s/ Paul J. Lytle

Paul J. Lytle

Chief Financial Officer
(signed both as an officer duly authorized to sign on behalf of the Registrant and principal financial officer and chief accounting officer)

EXHIBIT 10.92

PEREGRINE PHARMACEUTICALS, INC.

COMMON STOCK
PURCHASE AGREEMENT

UP TO 3,000,000 SHARES OF
COMMON STOCK

JANUARY 22, 2004

COMMON STOCK PURCHASE AGREEMENT

This Common Stock Purchase Agreement (this "Agreement") is made and entered into as of January 22, 2004, by and between Peregrine Pharmaceuticals, Inc., a Delaware corporation (the "Company"), and Tuva Financial Ltd. (the "Investor").

RECITALS

WHEREAS, the Company has filed with the Securities and Exchange Commission ("SEC") a Shelf Registration Statement on Form S-3 No. 333-109982, which was declared effective by the SEC on November 10, 2003 (the "Form S-3").

WHEREAS, pursuant to the Form S-3, the Company may offer to the public from time to time up to 12,000,000 shares of common stock, par value $0.001 per share (the "Common Stock").

WHEREAS, the Company desires to sell and issue to the Investor under the Form S-3 up to an aggregate of Three Million (3,000,000) shares of Common Stock, all in the manner described below.

NOW, THEREFORE, in consideration of the covenants, agreements and considerations herein contained, the Company and Investor agree as follows:

1. PURCHASE AND SALE OF SHARES

1.1 PUT OF SHARES. Subject to the terms and conditions hereof, for a period of twelve (12) months commencing on the date hereof, the Company shall have the right to put (each a "Put") to the Investor, by way of one or more Puts, up to an aggregate of Three Million (3,000,000) shares (the "Put Limit") of Common Stock (the "Shares"), by delivering to the Investor a written notice (the "Put Notice") by 6:30 p.m. Eastern Time specifying the number of Shares to be put and sold to the Investor on such date, and the per share purchase price. The form of Put Notice is attached hereto as Exhibit I. The date that the Put Notice is delivered is referred to as the "Put Date

1.2 PURCHASE PRICE. As full consideration for the sale of the Shares to Investor in connection with each Put, the Investor shall deliver to the Company within three (3) business days after receipt of the Put Notice (the "Put Closing Date"), the purchase price for such Shares by wire transfer of immediately available funds to such account as the Company shall designate. Unless otherwise agreed in writing under Exhibit II, the per share purchase price applicable for each Put shall be equal to the Company's trailing three (3) day Volume Weighted Average Price, as determined by Bloomberg, ending on the trading day prior to the Put Date (the "Market Price") less the applicable Discount determined as follows:

MARKET PRICE RANGE	DISCOUNT
Up to $3.00 per share	15%
$3.01 to $4.00 per share	14%
$4.01 to $5.00 per share	13%
$5.01 to $6.00	12%
$6.01 to $7.00	11%
Above $7.01	10%

Within three (3) business days following the Put Closing Date, the Company shall deliver to the Investor or its designee the shares via DWAC or a stock certificate representing the Shares purchased in the Put. The Shares shall be delivered free of restrictive legends and stop transfer instructions.

1.3 PUT LIMITATIONS. Unless the parties agree by mutually signing the Put Notice, the Company may not deliver a Put Notice for a number of shares in excess of fifteen percent (15%) of the aggregate trading volume for the three (3) consecutive trading days prior to the Put Date.

1.4 TERMINATION OF PUT RIGHT. The Company's right to deliver a Put Notice pursuant to this Agreement shall terminate on the first to occur of (i) the date that is twelve (12) months from the date hereof, and (ii) the Investor having acquired pursuant to Puts a number of Shares equal to the Put Limit. Notwithstanding the termination of the Put Right pursuant to clause (i), the Investor shall be obligated to complete any Put delivered on or before such date.

2. TERMINATION

This Agreement may be terminated by either party, upon written notice having immediate effect, if the other party (i) defaults in any material respect in the performance of any of its obligations or any of its representations or warranties under this Agreement or otherwise commits any material breach of this Agreement and such default is not cured within ten (10) days after written notice specifying in reasonable detail the nature of such default. The Company may terminate this Agreement immediately upon written notice to the Investor.

3. REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as set forth below, the Company makes no representations or warranties of any nature or kind.

3.1 ORGANIZATION, STANDING AND POWER. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. The Company has the corporate power to own its properties and to carry on its business as now being conducted and is duly qualified to do business and is in good standing in each jurisdiction in which the failure to be so qualified would have a material adverse effect on the business, assets or condition (financial or otherwise) of the Company and its subsidiaries, taken as a whole.

3.2 CAPITALIZATION. The authorized capital stock of the Company consists of 200,000,000 shares of common stock, par value $0.001 per share, and 5,000,000 shares of preferred stock, par value $0.001 per share, of which, as of January 16, 2004, there were approximately 139,587,000 shares of common stock and nil shares of preferred stock, issued and outstanding. The Company is not a party to any voting trust agreements or understandings with respect to the voting common stock of the Company. There are no preemptive or similar rights to purchase or otherwise acquire shares of capital stock of the Company pursuant to any provision of law, the Certificate of Incorporation, the bylaws of the Company or any agreement to which the Company is a party.

3.3 AUTHORIZATION.

3.3.1 The Company has full legal right, power and capacity to enter into, execute, deliver and perform this Agreement and all attendant documents and instruments contemplated hereby.

3.3.2 This Agreement has been duly executed and delivered and constitutes the legal, valid and binding obligation of the Company and is enforceable with respect to the Company in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, priority or other laws or court decisions relating to or affecting generally the enforcement of creditors' rights or affecting generally the availability of equitable remedies.

3.3.3 The execution and delivery of this Agreement by the Company, and the consummation of the transactions contemplated hereby by the Company in accordance with the terms hereof shall not conflict with or result in a breach of, violation of, or default under (or constitute an event that with notice, lapse of time, or both, would constitute a breach or default under), or result in the termination of, or accelerate the performance required by, or result in the creation of any liens or other encumbrances upon any of the properties or assets of the Company under any of the terms, conditions or provisions of the Certificate of Incorporation or Bylaws, any provision of the laws of the State of California or the State of Delaware, or any note, bond, mortgage, indenture, deed of trust, license, lease, credit agreement or other agreement, document, instrument or obligation to which the Company is a party or by which any of its assets or properties are bound.

3.3.4 Neither the execution and delivery of this Agreement by the Company, nor the consummation of the transactions, contemplated hereunder by the Company will violate or conflict with any judgment, order, decree, statute, rule or regulation applicable to the Company or its assets or properties.

3.4 VALID ISSUANCE OF COMMON STOCK.

3.4.1 The Shares being purchased by the Investor hereunder, when issued, sold and delivered in accordance with the terms hereof or thereof, for the consideration expressed herein or therein, will be duly and validly issued, fully paid and nonassessble and will be issued in compliance with all applicable federal and state securities laws.

3.4.2 The outstanding shares of Common Stock are all duly and validly authorized and issued, fully paid and nonassessable, and were issued in compliance with all applicable federal and state securities laws.

3.4.3 The Company has full power, right and authority to transfer, convey and sell to the Investors on the Closing Date the Shares and upon consummation of the transactions contemplated by this Agreement, each Investor will have acquired good and marketable title to the Shares purchased by such Investor, free and clear of claims, liens, restrictions on transfer or voting or encumbrances.

3.4.4 The Company has taken the requisite action to cause the Shares to be listed on the Nasdaq SmallCap Market.

3.5 LITIGATION. Except as referred to in the SEC Documents, as defined below, the Form S-3, or as disclosed in Schedule 3.5, there are no claims, suits, actions or proceedings pending or, to the knowledge of the Company, threatened against, relating to or affecting the Company or any of its subsidiaries, before any court, governmental department, commission, agency, instrumentality or authority, or any arbitrator that would reasonably be expected, either alone or in the aggregate with all such claims, actions or proceedings, to have a material adverse effect on the Company's business or financial condition or the transactions contemplated hereunder. Except as referred to in the Company's SEC Documents, neither the Company nor any of its subsidiaries is subject to any judgment, decree, injunction, rule or order of any court, governmental department, commission, agency, instrumentality or authority, or any arbitrator which prohibits or restricts the consummation of the transactions contemplated hereby or would have a material adverse effect on the Company's business or financial condition or the transactions contemplated hereunder.

3.6 SEC DOCUMENTS; THE COMPANY'S FINANCIAL STATEMENTS. The Company is a reporting company under the Securities Exchange Act of 1934 (the "Exchange Act"), and files annual and periodic reports (the "SEC Documents") with the Securities and Exchange Commission (the "SEC"). As of their respective filing dates, the SEC Documents complied in all material respects with the requirements of the Securities Exchange Act of 1934, as amended, applicable to the Company and to the knowledge of the Company none of the SEC Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading, except to the extent corrected by a subsequently filed document with the SEC. The SEC

Documents contain an audited consolidated balance sheet of the Company as of the end of the last completed fiscal year (the "Balance Sheet") and the related audited consolidated statements of income and cash flow for the year then ended (collectively, the "Financials"). The Financials have been prepared in accordance with GAAP applied on a basis consistent through the periods indicated and consistent with each other. The Financials present fairly the consolidated financial condition and operating results and cash flows of the Company and its subsidiaries as of the dates and during the periods indicated therein. Since the date of the Balance Sheet and until the date of this Agreement, there has not occurred any material adverse change in the business, assets or condition (financial or otherwise) of the Company and its subsidiaries, taken as a whole, which has not been reflected in the SEC Documents.

3.7 FORM S-3. The Company has delivered to each Investor a copy of the Form S-3. The Company represents and warrants that the Form S-3 has been declared effective by the SEC and is not subject to any stop order. The Company is not aware of any event, fact or circumstance, which would cause the Form S-3 to contain a material misstatement or require the filing of an amendment thereto. The Company at the time of the initial filing of the Form S-3 met the SEC's eligibility requirements for use of a Form S-3 in connection with a primary offering. The Company agrees to timely file all periodic reports required to be filed under the Exchange Act in order to keep the S-3 in effect, and to promptly file any amendments, if necessary, and deliver to the Investor a copy of any such amendment.

3.8 DISCLOSURE. Neither this Agreement, nor any of the schedules, attachments, or certificates attached to this Agreement or delivered by the Company on the Closing Date, contains any untrue statements of material fact or omits a material fact necessary to make the statements contained herein or therein not misleading. There is no fact which the Company has not disclosed to the Investor, orally or in writing, and of which any of the Company's directors or officers are aware, which could reasonably be anticipated to have a material adverse effect, upon the financial condition, operating results or assets, of the Company. Notwithstanding the foregoing, certain information provided by the Company to the Investor contained statements that are forward-looking, which are covered by the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking information involves important risks and uncertainties that could significantly affect anticipated results in the future, and accordingly, such results may differ materially from those expressed in any forward-looking statements made by or on behalf of the Company.

3.9 NO CONSENTS. The execution, delivery and performance by the Company of this Agreement and the offer, issuance and sale of the Shares require no consent of, action by or in respect of, or filing with, any individual or entity, governmental body, agency, or official other than filings that have been made pursuant to applicable state securities laws and post-sale filings pursuant to applicable state and federal securities laws which the Company undertakes to file within the applicable time periods.

3.10 REGULATORY COMPLIANCE. The Company is not in violation of any applicable law, regulation, judgment, order or consent decree (of any governmental or non-governmental regulatory or self-regulatory agency or any organized exchange, including without limitation, the SEC, any state or local securities or insurance regulatory body, or the Internal Revenue Service), which violation is likely to have a material adverse effect on the Company's business, financial condition, or this transaction.

3.11 REGULATORY PROCEEDINGS, INVESTIGATIONS AND INQUIRIES. The Company has not been the subject of any material regulatory proceeding, examination, investigation or inquiry (known to the Company), including any pending or threatened regulatory proceeding, investigation or inquiry (known to the Company) (including without limitation any by governmental or non-governmental regulatory or self-regulatory agency or any organized exchange) relating to the Company.

3.12 REGISTRATION STATEMENT. The Company's Registration Statement on Form S-3 (the "Registration Statement") was declared effective by the SEC on November 10, 2003. The Registration Statement is effective on the date hereof and the Company has not received notice that the SEC has issued or intends to issue a stop order with respect to such Registration Statement or that the SEC otherwise has suspended or withdrawn the effectiveness of the Registration Statement, either temporarily or permanently, or intends or has threatened in writing to do so. The Registration Statement (including the information or documents incorporated by reference therein), as of the time it was declared effective, and any amendments or supplements thereto, each as of the time of filing, did not contain any untrue statement of material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading. With respect to each completed Put, the Company hereby agrees to file with the SEC, as required, either an amendment or a prospectus supplement in accordance with the required timelines as prescribed under Rule 424(b)(2) of the Securities Act. The issuance of the Shares to the Investor is registered by the Registration Statement and, when issued to the Investor, the Shares shall be freely tradeable by the Investor.

3.13 COMPLIANCE WITH NASDAQ CONTINUED LISTING REQUIREMENTS. The Company is in compliance with applicable Nasdaq SmallCap Market continued listing requirements. There are no proceedings pending or, to the Company's knowledge, threatened against the Company relating to the continued listing of the Common Stock on the Nasdaq SmallCap Market and the Company has not received any currently effective notice of, nor to the Company's knowledge is there any basis for, the delisting of the Common Stock from the Nasdaq SmallCap Market.

4. REPRESENTATIONS AND WARRANTIES OF THE INVESTOR

The Investor hereby represents and warrants to the Company the following:

4.1 AUTHORITY. Investor has full legal right, power and capacity to enter into, execute, deliver and perform this Agreement and all attendant documents and instruments contemplated hereby. This Agreement has been duly executed and delivered and constitutes the legal, valid and binding obligation of Investor and is enforceable with respect to Investor in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, priority or other laws or court decisions relating to or affecting generally the enforcement of creditors' rights or affecting generally the availability of equitable remedies.

4.2 NO VIOLATION OF AGREEMENTS. Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereunder by Investor will violate or conflict with any judgment, order, decree, statute, rule or regulation applicable to Investor or its assets or properties.

4.3 DISCLOSURE OF INFORMATION. Subject in part to the truth and accuracy of the representations and warranties of the Company, the Investor believes that it has received all the information that it considers necessary or appropriate for deciding whether to purchase the Shares. The Investor further represents that it has had an opportunity to review the SEC Documents and the Form S-3, and had sufficient opportunity to ask questions and receive answers from the Company and its directors and officers regarding the terms and conditions of the offering of the Shares and the business and operations of the Company. The foregoing, however, does not limit or modify the representations and warranties of the Company in Section 3 of this Agreement or the right of the Investor to rely thereon.

5. CONDITIONS PRECEDENT TO OBLIGATIONS OF THE COMPANY

The obligations of the Company to consummate each Put contemplated by this Agreement shall be subject to the satisfaction of each of the conditions set forth below, any or all of which may be waived by the Company in whole or in part without prior notice; provided, however, that no such waiver of a condition shall constitute a waiver by the Company of any other condition or of any of the Company's rights or remedies, at law or in equity, if the Investor shall be in default or breach of any of its representations, warranties or agreements under this Agreement:

5.1 PURCHASE PRICE. Investor shall deliver the applicable Put purchase price on the date specified in Section 1.2.

5.2 ACCURACY OF REPRESENTATIONS AND WARRANTIES. The representations and warranties of the Investor contained in this Agreement shall be accurate and complete on and as of each Put Closing Date with the same effect as though such representations and warranties had been made on or as of such date.

5.3 PERFORMANCE OF AGREEMENTS. Each and all of the conditions precedent and agreements of the Investor subject to satisfaction on or before the Put Closing Date pursuant to the terms of this Agreement shall have been performed or satisfied.

6. CONDITIONS PRECEDENT TO OBLIGATIONS OF INVESTOR

The obligations of the Investor to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction of each of the conditions set forth below, any or all of which may be waived by each Investor in whole or in part without prior notice; provided, however, that no such waiver of a condition shall constitute a waiver by such Investor of any other condition or of any of the Investor's rights or remedies, at law or in equity, if the Company shall be in default or breach of any of its representations, warranties or agreements under this Agreement:

6.1 ACCURACY OF REPRESENTATIONS AND WARRANTIES. The representations and warranties of the Company contained in this Agreement shall be accurate and complete on and as of the Put with the same effect as though such representations and warranties had been made on or as of such date.

6.2 PERFORMANCE OF AGREEMENTS. Each and all of the conditions precedent and agreements of the Company subject to satisfaction on or before the Put Closing Date pursuant to the terms of this Agreement shall have been performed or satisfied.

6.3 NO ADVERSE EVENTS. Between the date hereof and the Put Closing Date, neither the business, assets or condition, financial or otherwise, of the Company taken as a whole shall have been materially adversely affected in any manner.

6.4 NO DELINQUENT SHARES. The Company shall not then be delinquent its obligation to deliver Shares in accordance with Section 1.2 with respect to prior Puts.

7. INDEMNIFICATION

7.1 To the extent permitted by law, the Company will indemnify and hold harmless, the Investor, the directors and officers, if any, of the Investor, and each person, if any, who controls the Investor within the meaning of the Securities Act or the Exchange Act (each, an "Indemnified Person"), against any losses, claims, damages, liabilities or expenses (joint or several) incurred (collectively, "Claims") to which any of them may become subject under the Securities Act, the Exchange Act or otherwise, insofar as such Claims (or actions or proceedings, whether commenced in respect thereof) arise out of or are based upon: (i) any untrue statement or untrue statement of a material fact contained in the Registration Statement or any post-effective amendment thereof or the omission or omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) any untrue statement or untrue statement of a material fact contained in the final prospectus (as amended or supplemented, if the Company files any amendment thereof or supplement thereto with the SEC) or the omission or omission to state therein any material fact necessary to make the statements made therein, in the light of the circumstances under which the statements therein were made, not misleading or (iii) any violation or violation by the Company of the Securities Act, the Exchange Act, any state securities law or any rule or regulation under the Securities Act, the Exchange Act or any state securities law (the matters in the foregoing clauses (i) through (iii) being collectively referred to as "Violations"). The Company shall reimburse the Investor, promptly as such expenses are incurred and are due and payable, for any reasonable legal fees or other reasonable expenses incurred by them in connection with investigating or defending any such Claim. Notwithstanding anything to the contrary contained herein, the indemnification agreement contained in this Section 7 shall not (i) apply to any Claims arising out of or based upon a Violation which occurs in reliance upon and in conformity with information furnished in writing to the Company by or on behalf of any Indemnified Person expressly for use in connection with the preparation of the Registration Statement or any such amendment thereof or supplement thereto, (ii) be available to the extent such Claim is based on a failure of the Investor to deliver or cause to be delivered the prospectus made available by the Company; or (iii) apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of the Company, which consent shall not be unreasonably withheld. The Investor will indemnify the Company, its officers, directors and agents

(including legal counsel) (each an "Indemnified Person") against any claims arising out of or based upon a Violation which occurs in reliance upon and in conformity with information furnished in writing to the Company, by or on behalf of the Investor, expressly for use in connection with the preparation of the Registration Statement, subject to such limitations and conditions set forth in this Section 7. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Indemnified Person or Indemnified Party, and shall survive the sale of the Shares by the Subscriber.

7.2 Promptly after receipt by an Indemnified Person under this Section of notice of the commencement of any action (including any governmental action), such Indemnified Person shall, if a Claim in respect thereof is to be made against any indemnifying party under this Section, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume control of the defense thereof with counsel mutually satisfactory to the indemnifying party and the Indemnified Person, as the case may be; PROVIDED, HOWEVER, that an Indemnified Person shall have the right to retain its own counsel with the reasonable fees and expenses to be paid by the indemnifying party, if, in the reasonable opinion of counsel retained by the indemnifying party, the representation by such counsel of the Indemnified Person and the indemnifying party would be inappropriate due to actual or potential differing interests between such Indemnified Person and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action shall not relieve such indemnifying party of any liability to the Indemnified Person under this Section except to the extent that the indemnifying party is prejudiced in its ability to defend such action. The indemnification required by this Section shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as such expense, loss, damage or liability is incurred and is due and payable.

7.3 To the extent any indemnification by an indemnifying party is prohibited or limited by law, the indemnifying party agrees to make the maximum contribution with respect to any amounts for which it would otherwise be liable under Section 7 to the fullest extent permitted by law.

8. MISCELLANEOUS

8.1 EXPENSES, COMMISSIONS AND TAXES. Each party shall bear and pay its own expenses, including legal, accounting and other professional fees, and taxes incurred in connection with the transactions referred to in this Agreement. The party responsible under applicable law shall bear and pay in their entirety all other taxes and registration and transfer fees, if any, payable by reason of the sale and conveyance of the Shares.

8.2 ENTIRE AGREEMENT; MODIFICATIONS; WAIVER. This Agreement, together with the related agreements or certificates referenced herein, constitutes the final, exclusive and complete understanding of the parties with respect to the subject matter hereof and supersedes any and all prior understandings and discussions with respect thereto. No variation or modification of this Agreement and no waiver of any provision or condition hereof, or granting of any consent contemplated hereby, shall be valid unless in writing and signed by the party against whom enforcement of any such variation, modification, waiver or consent is sought.

8.3 FURTHER ASSURANCES. The parties hereto shall use their best efforts, and shall cooperate with one another, to secure all necessary consents, approvals, authorizations, exemptions and waivers from third parties as shall be required in order to consummate the transactions contemplated hereby, and shall otherwise use their best efforts to cause such transactions to be consummated in accordance with the terms and conditions hereof. At any time or from time to time after the Closing Date, each party hereto, shall execute and deliver any further instruments or documents and take all such further action as such requesting party may reasonably request in order to consummate and document the transactions contemplated hereby.

8.4 CAPTIONS. The captions in this Agreement are for convenience only and shall not be considered a part of or affect the constructing or interpretation of any provision of this Agreement.

8.5 SECTION REFERENCES. Unless otherwise noted, all section references herein are to sections of this Agreement.

8.6 COUNTERPARTS. This Agreement may be executed in any number of counterparts, including electronically transmitted counterparts, each of which when so executed shall constitute an original copy hereof, but all of which together shall constitute one agreement.

8.7 SUCCESSORS AND ASSIGNS. Neither party shall have the right to assign this Agreement.

8.8 PARTIES IN INTEREST. Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than the parties to it and their respective successors and assigns, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to any party to this Agreement, nor shall any provision give any third persons any right of subrogation or action over against any party to this Agreement.

8.9 NOTICES. All notices, requests, demands and other communications hereunder ("Notices") shall be in writing and shall be deemed to have been duly given if delivered by hand or by registered or certified mail or upon fax notice with confirmation of receipt, as follows:

If to Investor: Tuva Financial Ltd.
Mrs. Minna Ledereich
2 Manesse Str
CH 8003 Zurich - Switzerland
Fax: 411 291-5382

If to the Company: Peregrine Pharmaceutical, Inc.
14272 Franklin Avenue, Suite 100
Tustin, California 92780
Attn.: Steve King
Fax: 714-838-5817

with copy to: Falk, Shaff & Ziebell
Fax: 949-660-7799

or to such other address as any party may have furnished to the others in writing in accordance herewith, except that notices of change of address shall only be effective upon receipt. All Notices shall be deemed received on the date of delivery or, if mailed, on the date appearing on the return receipt therefor.

8.10 LAW GOVERNING. This Agreement shall be governed by, and construed and enforced in accordance with the laws of the State of California, without regard to its choice-of-laws or conflicts-of-law rules.

8.11 SURVIVAL. The representations and warranties contained in this Agreement shall survive the Closing Date indefinitely.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, all as of date first above written.

"The Company"
Peregrine Pharmaceuticals, Inc.,
a Delaware corporation

By:

Name:
Title:

"Investor"
Tuva Financial, Ltd.

By:

Name:
Title:

EXHIBIT I

PUT NOTICE

PEREGRINE PHARMACEUTICALS, INC. (the "Company") pursuant to the terms of the Common Stock Purchase Agreement dated January 22, 2004 (the "Purchase Agreement") hereby intends, subject to the Put Limit (as defined in the Purchase Agreement), to elect to exercise a Put to sell the number of shares of Common Stock of the Company specified below at a price per share specified below, to Tuva Financial Ltd., the Investor, as of the Put Closing Date written below.

Date of Put Notice: _____

Intended Put Date: _____

Intended Put Share Amount: _____

Per Share Purchase Price: _____

Aggregate Purchase Price: _____

The undersigned executive officer of the Company, hereby certifies that the representations and warranties in the Purchase Agreement are true and correct in all material respects as of the date hereof.

By:
Name:
Title:

AGREED AND ACCEPTED BY "INVESTOR"
- ----------

"Investor"
Tuva Financial Ltd.

By: Date:

Name: Title:

EXHIBIT II

PUT NOTICE

PEREGRINE PHARMACEUTICALS, INC. (the "Company") pursuant to the terms of the Common Stock Purchase Agreement dated January 22, 2004 (the "Purchase Agreement") hereby intends, subject to the Put Limit (as defined in the Purchase Agreement), to elect to exercise a Put to sell the number of shares of Common Stock of the Company specified below at a price per share specified below, to Tuva Financial Ltd., the Investor, as of the Put Closing Date written below.

Date of Put Notice: _____

Intended Put Date: _____

Intended Put Share Amount: _____

Per Share Purchase Price (1): _____

Aggregate Purchase Price: _____

(1) The above purchase price differs from that Price otherwise determinable pursuant to Section 1.2. By signing below, each party agrees to the revise purchase price.

The undersigned executive officer of the Company, hereby certifies that the representations and warranties in the Purchase Agreement are true and correct in all material respects as of the date hereof.

By:
Name:
Title:

AGREED AND ACCEPTED BY "INVESTOR"
- ----------

"Investor"
Tuva Financial Ltd.

By: Date:

Name: Title:

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Steven W. King, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Peregrine Pharmaceuticals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 12, 2004

Signed: /s/ Steven W. King

Steven W. King
PRESIDENT AND CHIEF EXECUTIVE OFFICER

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Paul J. Lytle, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Peregrine Pharmaceuticals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 12, 2004

Signed: /s/ Paul J. Lytle
Paul J. Lytle
CHIEF FINANCIAL OFFICER

EXHIBIT 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Each of the undersigned hereby certifies, in his capacity as an officer of Peregrine Pharmaceuticals, Inc. (the "Company"), for purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

(1) the quarterly report of the Company on Form 10-Q for the period ended January 31, 2004 fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the quarterly report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 12, 2004

/s/ Steven W. King
- ------------------------------------
Steven W. King
PRESIDENT AND CHIEF EXECUTIVE OFFICER

/s/ Paul J. Lytle
- ------------------------------------
Paul J. Lytle
CHIEF FINANCIAL OFFICER

A SIGNED ORIGINAL OF THIS WRITTEN STATEMENT REQUIRED BY SECTION 906 HAS BEEN PROVIDED TO PEREGRINE PHARMACEUTICALS, INC. AND WILL BE RETAINED BY PEREGRINE PHARMACEUTICALS, INC. AND FURNISHED TO THE SECURITIES AND EXCHANGE COMMISSION OR ITS STAFF UPON REQUEST.