PHYLOGICA

BEYOND ANTIBODIES

## Phylogica teams up with the Garvan Institute for novel diabetes drugs

**Perth, Australia 3 Mar 2006**: Australian drug discovery company Phylogica (ASX: PYC) announced today that it has entered into a pilot research collaboration with the Garvan Institute of Medical Research to develop novel Phylomer® Drugs for diabetes.

Phylomers® are unique tiny fragments of naturally-occurring proteins with the ability to bind tightly to specific disease target proteins and inactivate them as a result. Phylogica's Phylomer® drug candidates are being developed for a range of anti-inflammatory diseases such as diabetes and rheumatoid arthritis and are currently in preclinical trials for stroke and burns injury.

"If this initial collaboration is successful, we will consider conducting a separate more comprehensive study together, testing Phylogica's newly-identified Phylomers® in our extensive pre-clinical models of Type II diabetes" said Professor David James who has published previous work in international peer reviewed journals such as *Nature*.

Under the terms of the collaboration, Phylogica and Garvan will assess Phylomer® candidates using novel cell-based diabetes assays developed by Garvan.

"We are entering into an exciting space with the market for diabetes medication expected to exceed $20 billion by 2006," said Dr Stewart Washer, CEO of Phylogica.

"It is a privilege to collaborate with Garvan, which has a long standing reputation for the quality of its diabetes research," said Dr Washer.

In the 21st century the incidence of type II diabetes is increasing at an alarming rate. Type II diabetes or late onset diabetes often results from lifestyle factors such as lack of exercise and bad diet. Obesity is also considered a risk factor for the development of Type II diabetes. It is a progressive disease, whereby the ability of insulin to perform its vital role of controlling the body's sugar levels is diminished. Over time the body's cells become insulin resistant and people with severe type II diabetes become dependent on medications. Current oral antidiabetic medications have limitations such as a loss of efficacy or unwanted side effects.

This announcement is the latest in a series of strategic collaborations between Phylogica and leading research bodies to develop Phylomer® drugs for inflammatory diseases such as stroke, rheumatoid arthritis, diabetes as well as burns injury. Phylogica's other collaborations include: Axela Biosensors, McComb Foundation, John Hopkins University, Massachusetts General Hospital, University of Western Australia, University of Melbourne, Fox Chase Centre and PharmAust.

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### *About Phylogica*

**Phylogica** (ASX:PYC) (www.phylogica.com) is a drug discovery company utilizing its proprietary Phylomer® technology to develop a revolutionary new drug for stroke and other anti-inflammatory diseases including rheumatoid arthritis and diabetes. The Company is preparing to commercialise its lead drugs through licensing deals. Phylogica was founded by the Telethon Institute for Child Health Research in Perth (www.ichr.uwa.edu.au) and the Fox Chase Cancer Center in Philadelphia,United States (www.fccc.edu).

### *About Phylomers®*

Phylomers® are stable fragments of naturally-occurring proteins with the ability to bind tightly to target proteins and inactivate them as a result. Phylomers® can be selected for activity against specific disease target proteins. The properties of Phylomers® make them attractive as cost effective alternatives to antibodies a proven multi-billion drug class. Phylogica's proprietary Phylomer® Libraries are collections of millions of Phylomers® that represent a source of drug leads which can be used for multiple diseases.

### *About Garvan:*

The Garvan Institute of Medical Research was founded in 1963 by the Sisters of Charity. Initially a research department of St Vincent's Hospital in Sydney, it is now one of Australia's largest medical research institutions with over three hundred and fifty scientists, students and support staff. The Garvan Institute's main research programs are: Cancer, Diabetes & Obesity, Arthritis & Immunology, Osteoporosis, and Neuroscience.
(www.garvan.org.au.)