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ASX ANNOUNCEMENT

Alchemia achieves positive results in eye disease animal models

Australian drug development company Alchemia Limited (ASX: ACL) today announced positive results from initial animal model studies evaluating the efficacy of its anti-angiogenic compounds for the treatment of eye diseases.

The independent study demonstrated that Alchemia's anti-angiogenic compounds, which inhibit new blood vessel formation, are effective in reducing the formation of aberrant new blood vessels in the eye that characterise human eye diseases such as Age-related Macular Degeneration (AMD) and Diabetic Retinopathy (DR).

AMD and DR are diseases characterised by abnormal blood vessel formation at the back of eye, which then leak blood into the centre of the eye causing vision loss and eventual blindness.

In the animal study Alchemia's compounds recorded a dose-related statistically significant inhibition of new blood vessel growth in the cornea, after the site was stimulated with angiogenesis (blood vessel growth)-inducing agents.

Alchemia Managing Director Dr Tracie Ramsdale said the results were a positive step forward in the development of a new treatment for AMD and DR, which are two of the leading causes of blindness in the developed world.

"There is currently a significant unmet medical need for the treatment of these debilitating eye diseases, with no cure, very limited therapeutic options and rapidly increasing global incidence," she said.

"It is estimated that 1.75 million US residents have significant symptoms associated with AMD, which is expected to grow to 3 million by 2020. DR is estimated to affect half of all diabetics during the course of their disease progression, representing 9.1 million potential sufferers in 2002 in the US alone."

Dr Ramsdale said Alchemia's anti-angiogenic compounds belonged to a novel class of small molecule 'somatostatin agonists' that provide a multi-point attack on blood vessel growth, thereby providing multiple opportunities to affect the disease progression of AMD and DR.

"We believe by targeting somatostatin receptors our eye disease compounds have the potential to provide a number of benefits over existing treatments and other therapeutics currently in development," she said.

Dr Ramsdale said Alchemia's anti-angiogenic compounds were discovered using the company's proprietary drug discovery technology VAST™, and also had applications for treating cancer.

"Our anti-cancer compound, which also acts by inhibiting blood vessel and tumour growth, has demonstrated efficacy in animal models of cancer. We are currently completing the necessary studies to file an Investigational New Drug Application with the US Food and Drug Administration in 2006 to clear the way for human clinical trials," she said.

Dr Ramsdale said Alchemia would now progress the anti-angiogenic compounds to more detailed laboratory and animal studies to further assess their efficacy, pharmacokinetic profile and toxicity, with the aim of identifying a formal preclinical candidate in the coming year.

"These are very exciting preliminary results, which clearly show our anti-angiogenic compounds have the qualities necessary to develop a new and unprecedented treatment for debilitating eye diseases," she said.

The recent study was conducted in the United States at the University of Wisconsin's Comparative Ophthalmic Research Laboratories, a centre of internationally recognised vision scientists providing world-class vision research.

Alchemia will present the results of this study, along with its anti-cancer animal efficacy studies, at the Diversity Oriented Synthesis Conference in Boston on 22 September in a session showcasing the company's VAST™ technology.

Signed

A handwritten signature in black ink, appearing to read "Tracie Ramsdale". The signature is fluid and cursive, with the first name "Tracie" and last name "Ramsdale" clearly distinguishable.

Tracie Ramsdale
Managing Director and Chief Executive Officer
Alchemia Limited