



PHASE I INTRAVENOUS INFUSION TRIAL FOR CYT997 ACHIEVES PRIMARY OBJECTIVES



The company announced earlier this month that it had successfully concluded dose-escalation in its Phase I intravenous trial for CYT997, the company's anticancer vascular-disrupting agent, and is now finalizing planning for both single-arm and randomised Phase II studies in combination with standard chemotherapies.

The primary objectives of this safety and tolerability study have been met. These were to determine the maximum tolerated dose (MTD) and the dose-limiting toxicities (DLTs) for the compound when administered as a 24-hour intravenous infusion to patients with a diverse range of solid tumours on a three-weekly cycle.

CYT997 was comparatively well tolerated in this study. The maximum tolerated dose in cancer patients (358 mg/m²) was at least five-fold greater than doses tolerated in preclinical toxicology studies.

Two reversible dose-limiting toxicities were observed, namely a prolongation of the QTc interval (CTCAE Grade 3) and hypoxia/dyspnoea (shortness of breath; Grade 4). These toxicities were transient and were similar to those observed in Phase I studies for other vascular-disrupting agents.

Patients entering the trial had advanced cancer which had failed to respond to other therapies or for which no other therapy exists. Each was eligible to receive a maximum of six cycles of CYT997 therapy, subject to clinical status. A number of patients still remain on study and continue to receive the drug. Ongoing access to the drug under the Commonwealth Government's Special Access Scheme (SAS) has been available to those patients who have completed the maximum number of dosing cycles.

Analysis of biological and clinical data from the study is currently ongoing and the company expects to present a finalised trial report, including a complete list of adverse events and the recommended dose for Phase II studies, within two months.

The company is also conducting a second Phase I dose-escalation study of CYT997 as an oral capsule formulation. This oral trial, which is partly funded under a \$3.0m Commercial Ready grant, is being conducted at two locations in Queensland, Australia and is expected to conclude by December 2007.

NEW CLINICAL TRIAL SITE – TOWNSVILLE

Cytopia has strengthened its oral Phase I study for CYT997, the company's lead vascular-disrupting agent for cancer, by adding a new clinical dosing site.

The company recently gained approval from the relevant authorities to commence dosing patients at the Mater Misericordiae Hospital in Townsville, Queensland adding to the existing site at the Royal Brisbane and Women's Hospital. The additional site will allow recruitment of patients from a wider population base and gives advanced cancer patients in Townsville further access to early stage clinical studies.

The clinical investigator leading the Townsville site is Dr Bahram Forouzesh. Dr Forouzesh is an experienced Medical Oncologist and has been involved in many clinical trials for anticancer agents. Dr Forouzesh has previously held a Fellowship at the prestigious Cancer Therapy and Research Centre at the University of Texas at San Antonio.

Dosing to patients at the Mater Hospital commenced in early July and, subject to ongoing dose escalation at the two sites, the company anticipates that the Phase I oral study will conclude in December 2007 as scheduled.

The company is also contemplating adding a third clinical site in Melbourne to further augment recruitment.

The oral clinical study is designed to investigate the safety and tolerability of CYT997. The compound is administered by mouth to patients with a diverse range of solid tumours every three weeks. No dose-limiting toxicities have yet been observed in the oral study.

CHAIRMAN AND CEO'S MESSAGE

Dear shareholders

We are pleased to bring you an update in this issue of Cytomics regarding some of the developments in the company over the last quarter. As well as delivering on one of our key development milestones, we have added new depth to our scientific management and committed to new premises, with a relocation of our Melbourne headquarters to occur in early October 2007. These are all achievements which will better support the ongoing delivery of our key program milestones.



Bob Watson

Reaching the primary endpoint of our Phase I clinical safety trial in the intravenous presentation of our lead anti-cancer compound, CYT997, is a significant step forward in the development pathway for this drug. Whilst the Phase I trial for the oral capsule presentation of this drug is expected to conclude by the end of this year, plans are

already well under way for Phase II efficacy trials in different indications and we expect to announce these development plans shortly.

We place significant store in the calibre of our staff and are delighted to announce the appointment of Dr Jim Palmer as Head, Chemistry. Jim has relocated to Australia after many years working in the US biotech sector, as you will see from his profile, and his commercial experience will be extremely valuable to the company. We welcome him to the Cytopia team.

After nearly five years of operations at the Baker Heart Research Institute in Melbourne, we will shortly be relocating our Australian

staff to new offices and laboratories in Burnley, Melbourne. Amongst other things, this will provide us with expansion capacity not available at our current location and we are very much looking forward to the move. These premises will be profiled in the next edition of Cytomics.



Andrew Macdonald

Our preliminary financial report for the 2007 financial year has just been released. Pleasingly, the company has maintained a strong end year cash balance of just over \$14m against the backdrop of excellent progress across the scientific programs. As well as the move of CYT997 into Phase II clinical trials, a key goal in this current financial year will be to position another compound for a successful Investigational New Drug (IND) application with the US FDA, which will add substantially to the value of the company for our shareholders.

Last, we would encourage all of our shareholders to register for electronic communications through the company's share registry, Link Market Services. For those yet to register, visit the company website (www.cytopia.com.au) and click on the Share Registry link under Quick Links on the home page. All you will need to access the Link Market Services site is your name, postcode and holder identifier (HIN/SRN), which is an 11 digit number usually starting with "X", "I" or "C" and supplied at the time of acquiring your shares.

Andrew Macdonald CEO

Bob Watson Chairman

FMS PROGRAM PROGRESSING WELL

In November last year we announced that we had identified CYT645 as a preclinical candidate in our FMS program for the treatment of metastatic cancers. CYT645 blocks the action of the FMS protein which is associated with specific cells of the immune system.

Ongoing studies with CYT645 and related compounds from Cytopia's medicinal chemistry laboratories have confirmed the utility of these compounds for the treatment of various cancers.

We have obtained promising data for these compounds that indicates utility in inhibiting the bone degradation caused by certain metastatic cancers, and studies are also underway examining their potential utility in treating ovarian and other cancers.

Furthermore, we have encouraging data in models of mesothelioma, an aggressive form of lung cancer.

In addition to activity against various cancers, FMS inhibitor compounds may also have therapeutic potential in certain inflammatory diseases including rheumatoid arthritis and inflammatory bowel disease.

Studies to explore the potential of Cytopia compounds in these disease areas are also underway.

Our goal is to progress a FMS compound into clinical trials in late 2008.

WE HAVE OBTAINED PROMISING DATA FOR THESE COMPOUNDS THAT INDICATES UTILITY IN INHIBITING THE BONE DEGRADATION CAUSED BY CERTAIN METASTATIC CANCERS...

CYTOPIA ESTABLISHES COLLABORATIONS WITH LEADING HAEMATOLOGY RESEARCHERS



THE WORK BEING UNDERTAKEN INVOLVES TESTING CYTOPIA'S COMPOUNDS AGAINST SAMPLES TAKEN FROM MPD PATIENTS...

As part of its ongoing development of compounds for myeloproliferative disorders (MPDs) Cytopia has initiated collaborations with two of Australia's leading haematologists: Dr William Stevenson from Sydney's Royal North Shore Hospital, and Dr Andrew Roberts, a leading Melbourne haematologist.

MPDs are a group of diseases where the bone marrow produces too many white blood cells, red blood cells or platelets.

These disorders are progressive and can transform into acute leukaemia or cause bone marrow failure, often proving fatal. They can strike anyone at any age and there is no known cure.

Recently a number of academic laboratories around the world identified that many patients with MPDs possess a genetic mutation which causes over-activation of the bone marrow. This genetic mutation leads to hyper-activity of a specific protein called JAK2 and Cytopia's researchers have identified a

number of novel drugs which block the JAK2 enzyme, turning off this over-activation.

The work being undertaken with both Drs Roberts and Stevenson involves testing Cytopia's compounds against samples taken from MPD patients to understand the activity of the compounds in real-life clinical samples.

Cytopia intends to progress its novel JAK2 inhibitors into clinical trials in 2008.

CYTOPIA COLLABORATOR AWARDED PRESTIGE PRIZE

Cytopia is pleased to announce that its collaborator, Professor Jamie Rossjohn, has been awarded the prestigious prize 2007 Commonwealth Health Minister's Award for Excellence in Health & Medical Research.

Melbourne medical research scientist Professor Jamie Rossjohn from the Department of Biochemistry and Molecular Biology, Monash University is at the cutting edge of protein crystallography and has provided an insight into how bacteria cause disease and how our body can fight off viruses.

He has now been recognized for this outstanding research and his remarkable track record by winning the coveted \$50,000 national award for research excellence – the Commonwealth Health Ministers Award for Excellence in Health and Medical Research for 2007.



Professor Rossjohn's research has focused on determining the mechanisms of infection by bacteria causing infectious diseases including tuberculosis, gas gangrene and listeria and how the body fights viral infections.

He believes protein crystallography is the major tool providing detailed information on the structure and function of proteins and a platform for rationally designing therapeutics.

He has now forged a link with the biotechnology sector to translate his basic research outcomes into potential treatments for both immune-based and infection-based diseases. For further information please visit <http://www.nhmrc.gov.au>.

SHAREHOLDER COMMUNICATIONS

Cytopia is improving the way the company communicates to its shareholders.

A communications option form will be sent to all shareholders asking them to nominate their preference for receiving information, including a section to input your email address, and return in a reply paid envelope.

All shareholders are encouraged to complete the form, including those shareholders wishing to continue to receive a printed version of the company's annual report via mail.

STAFF PROFILE

JIM PALMER HEAD, CHEMISTRY

A native of Hampshire, England, Jim obtained a Bachelor's degree from Old Dominion University, Virginia, USA and subsequently a PhD in organic chemistry from Purdue University, Indiana in 1985.

After two-year's post-doctoral research at the same institution, he began pharmaceutical life as a process research chemist at Marion Labs (now part of Sanofi-Aventis) in Kansas City, before moving on to California in



the world of proteases and kinases, first at Prototek, then at Khepri Pharmaceuticals, which became part of Celera Genomics.

Following a year at Rigel Pharmaceuticals, the lure of Australia won over.

Jim is looking forward to bringing 20 years of US-based drug discovery experience to bear on the exciting targets of interest to Cytopia.

PATENT UPDATE

Cytopia's patent estate continues to grow as patents covering pioneering work are granted in key pharmaceutical markets. In Australia, the patent portfolio is now managed by Griffith

Hack, a firm with a very strong reputation for service to Australian and overseas companies, including those in the life sciences.

CYTOPIA'S GRANTED PATENTS

Country	Title	Number
United States	Protein Kinase Inhibitors	7122550
United Kingdom	Kinase Inhibitors	GB2398781
United Kingdom	Protein Kinase Inhibitors	GB2392154
United Kingdom	Pyrazine-based Tubulin Inhibitors	GB2412372
Europe	Protein Kinase Inhibitors	03727001.4*
Australia	Methods of Inhibiting Kinases	2002226197
New Zealand	Protein Kinase Inhibitors	537155
South Africa	Protein Kinase Inhibitors	2004/9341
South Africa	Kinase Inhibitors	2004/9346
South Africa	Pyrazine-based Tubulin Inhibitors	2005/4052

*European patent application for Protein Kinase Inhibitors has been allowed for grant. This application is the first of Cytopia's European applications to proceed to grant, and covers foundation work relating to both the CYT997 Tubulin Inhibitor and CYT645 FMS Inhibitor compounds.

RECRUITMENT

Specific job openings will be posted on the Cytopia website from time to time. Please refer to the following link for details: www.cytopia.com.au/careers.html

CYTOPICS

Further copies of *cyTopics* are available from the company website: www.cytopia.com.au

CONFERENCES AND PRESENTATIONS

In recent months, **Cytopia** has participated at a number of Australian and international conferences and investor presentations, including:

AACR ANNUAL MEETING 2007

Los Angeles, USA (14 – 18 April 2007)

SBS 13TH ANNUAL CONFERENCE & EXHIBITION

Montréal, Canada (15 – 19 April 2007)

BIO 2007

Chicago, USA (6 – 9 May 2007)

2007 ASCO ANNUAL MEETING

Chicago, USA (1 – 5 June 2007)

FOURTH JOINT SHEFFIELD CONFERENCE ON CHEMOINFORMATICS

Sheffield, UK (18 – 20 June 2007)



AUSTRALIA

Level 5
Baker Heart Research Institute Building
75 Commercial Road
Melbourne Victoria 3004 Australia

PO Box 6492
St Kilda Road Central
Melbourne Victoria 8008 Australia

T +61 3 9522 6900

F +61 3 9510 9292

USA

5 University Place, Room 203
Rensselaer New York 12144-3474 USA

T +1 518 462 4511

F +1 518 375 7029

E cytopia@cytopia.com.au

W www.cytopia.com.au

ACN 079 253 606