



Media Release
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Medica reports impressive progress

Medica Holdings Ltd (ASX: MCA) today released its latest news update to shareholders and the investment community. Today's edition of MedicaNow highlights a number of achievements:

- Xenome has secured a \$6 million investment by the Queensland BioCapital Fund which will allow it to complete the preclinical testing of its drug candidate Xen2174 for the treatment of severe pain, with clinical testing expected in early 2004
- Medica led a \$2.75 million capital raising for Alchemia, which has also been boosted by a \$0.8 million extension to its START Grant
- Medica raised \$4.3 million to continue Cytopia's preclinical development of its cancer drug candidate; and
- Cytopia has obtained impressive *in vivo* proof of efficacy in animal models of Hormone Refractory Prostate Cancer (HRPC)

The full newsletter is attached and will be posted on Medica's website today www.medica.com.au. If you would like to register for online delivery of future announcements and newsletters you can do so via this site.

About Medica

Medica, an ASX-listed Pooled Development Fund, specialises in investing in the biotechnology sector. It facilitated the establishment of Cytopia, which is developing a range of drug candidates against immune diseases and prostate cancer, and owns approximately 79% of the company. It also owns 21% of Alchemia, which is developing carbohydrate-based drugs, and approximately 25% of Xenome, which is developing new drugs derived from venoms for the treatment of neurological disorders. Under the PDF Scheme, Medica's shareholders are exempt from tax on capital gains or profits from the sale of shares.

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Fundraising Trifecta....

Dear Shareholder

In this edition of MedicaNow we are pleased to report encouraging developments in each of our investee companies, as well as the appointment of an additional director to your company.

The biotechnology sector has been going through a tough time internationally, dampened by some notable product failures and poor commercial results. However, there are signs of recovery and we are optimistic that the investment climate will steadily improve over the rest of 2003 and into 2004. The US biotech indices have all risen sharply over the year, by over 40%, and there is more private capital available. However, the IPO market has not yet revived.

Australian companies that can demonstrate clear commercial progress will be well placed to ride this improving sentiment and the progress detailed in this newsletter indicates that our investee companies are all poised to take advantage of this.

This is evidenced by our considerable success over the last month with capital raisings being completed for Medica (Cytopia), Alchemia and Xenome.

Dr Kevin Healey
Managing Director

\$4.3 million raised...

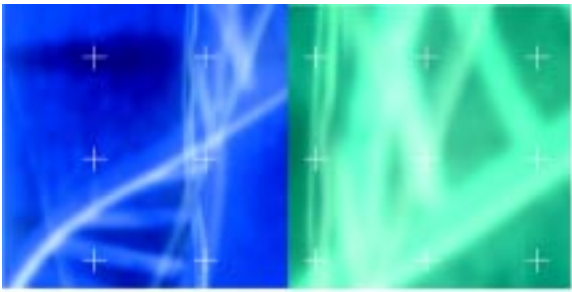
We are pleased to report that Medica has just completed a share placement raising \$4.3 million. The placement included several Australian institutions and sophisticated investors. The \$0.75 price per share was at a 5% discount to the average share price over the week prior to the placement.

The funds allow Medica to maintain its major shareholding in Cytopia (79%) and provide capital to fund the expensive preclinical testing of its lead anti-cancer drug candidate.

IN THIS ISSUE:

- Cytopia wins START Grant
- Alchemia's capital raising
- Xenome's new investor
- Xenome wins BIF Grant
- Medica's new director





wins START Grant ...

We are pleased to report that Cytopia has been successful in its application for a \$1.7 million START grant from AusIndustry to research new treatments for Chronic Obstructive Pulmonary Disease (COPD), a severe lung disease affecting over 600 million people worldwide and the cause of over 3 million deaths per year globally.

Chronic Obstructive Pulmonary Disease (COPD) is a term used to describe the airflow obstruction associated mainly with emphysema and chronic obstructive bronchitis. COPD is a slowly progressive and incurable disease, characterized by a gradual loss of lung function.

No currently available drug therapy reduces the progression of COPD and given the rising prevalence of the disease new drugs that control the underlying inflammatory and destructive processes are badly needed.

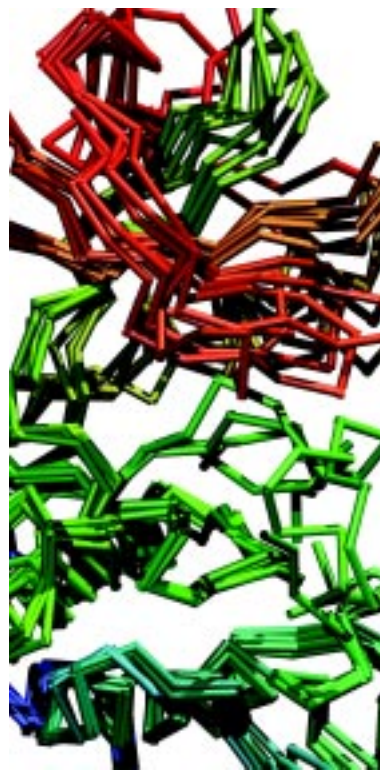
Cytopia intends to target the underlying cause of COPD, specifically a number of enzymes known as kinases that control the response of cells of the immune system.

COPD is expected to become the fourth most prevalent killer disease in the world by 2020. The current market is already US\$2.8 billion per annum worldwide.

This emphasises the broad potential of Cytopia's technology and we are well on the way to building an impressive pipeline of drug candidates for many cancers and immune diseases.

New cancer targets...

In late 2002 Cytopia announced that it had obtained encouraging data in the treatment of Hormone Refractory Prostate Cancer (HRPC) in a mouse model of the disease. This data has been validated in further experiments since then and is statistically significant. In addition, the company has now obtained very impressive data to support the claim that its lead compounds are active against a range of cancer types.



In *in vitro* tests conducted by the Children's Cancer Institute Australia for Medical Research, (CCIA), Cytopia's lead compounds were highly active against a series of primary cell cultures from children with one of the most common forms of childhood cancer, Acute Lymphoblastic Leukaemia (ALL).

Importantly, the molecules were also active on cells from patients that were resistant to Vincristine, the standard drug for this disease. Cytopia hopes that it will be able to take its candidate into the clinic for more than one cancer type and the cumulative markets could be well over a billion dollars.

Currently, further *in vivo* studies are being conducted and the company expects to select a clinical candidate for its first indication this year and commence formal preclinical testing. Subject to there being no serious adverse findings, clinical testing in humans could begin in mid 2004.

Patents approved...

Cytopia has been notified that patent applications covering its proprietary drug discovery targets have now been granted in Japan and all claims approved in Europe. This adds to the already granted US and Australian patents. Cytopia has an exclusive worldwide license to these patents from the Ludwig Institute for Cancer Research.



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The patents cover a group of enzymes that are core to many immune diseases and cancers and belong to the new wave of drugs known as kinase inhibitors which have already generated annual sales over \$2 billion.

Five new patent applications covering novel drug leads have now progressed to the international evaluation PCT phase and the company has flagged that several more applications are in the pipeline. These patent applications are aimed at protecting several families of molecules that have shown excellent *in vivo* efficacy against a range of cancers including Hormone Refractory Prostate Cancer (HRPC).

x e n o m e

new investor...

In June, Brisbane-based Queensland BioCapital Fund (QBF) agreed to invest \$6.0 million in Xenome to advance the company's drug development pipeline.

It is a major boost to Xenome and will allow it to move quickly with the development of Xen2174 for the treatment of severe chronic pain.

Xenome recently announced that researchers from the University of California, San Diego had confirmed the therapeutic potential of Xenome's lead drug candidate Xen2174 in an animal model of severe pain.

The researchers, led by spinal analgesic expert Professor Tony Yaksh, found that Xen2174 relieved the pain associated with



nerve damage, as commonly found in patients with shingles, diabetic neuropathy, chronic back pain, HIV/AIDS and cancer.

According to Professor Yaksh, the analgesic activity produced by Xen2174 at doses which are without evident side effects, is an important preclinical indicator as to the potential efficacy of this agent in humans.

Clinical trials are expected to commence early in 2004.

wins BIF Grant ...

Xenome has been awarded a Biotechnology Innovation Fund (BIF) grant of \$250,000 to explore the development of new therapeutic drugs for the treatment of Central Nervous System (CNS) disorders affecting brain function.

Xenome focuses on the discovery and development of novel peptide compounds that are found in animal venoms. One group of peptides discovered in coneshell venom, has been shown by Xenome to be active at a drug target in the brain that is known to be involved in nervous system

disorders such as depression and attention deficit syndrome. Xenome will assess the feasibility of developing drug candidates for these disorders and the project is an important step towards broadening its drug development pipeline.

Alchemia

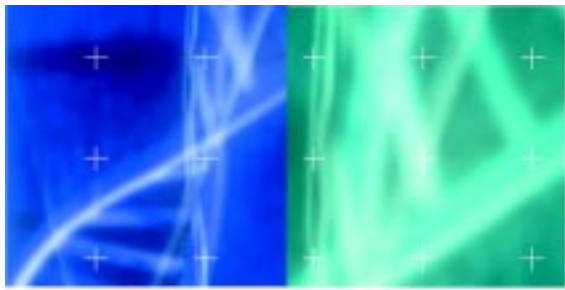
capital raising...

Medica recently acted as lead investor in a \$2.75 million capital raising for Alchemia to enable the company to commercialise several products such as a generic form of an anticoagulant with a potential market in the vicinity of USD 750 million.

Medica invested a further \$1 million, lifting its stake to 20.7%.

Alchemia has also benefited from a successful \$0.85 million application to extend its current START Grant. The new capital injection, together with the grant funding and imminent commercial prospects, puts the company on a sound footing upon which to build momentum for an IPO. Alchemia has also flagged that it would be restructuring its board in preparation for a public offering within 12 months.





Mr Robert Watson

Non-Executive Director

In June your chairman, Mr John Hasker, announced the appointment of leading international businessman Bob Watson to the board of directors.

With over 20 years in executive management in the Information Technology industry in Australia and the United Kingdom, Bob has been Chief Executive Officer of Mayne Nickless Computer Services, Data Sciences International (in the U.K.) and Lend Lease Employer Systems.

He is also a successful entrepreneur and has established and developed successful businesses in consulting and project management, software development and systems integration and IT labour contracting.

Bob has also been a director and advisor to a leading Australian technology investment bank, focusing on mergers, acquisitions and capital raising. He is a director of several unlisted companies including Seek Communications and currently manages his personal venture capital and investment portfolio.

Bob has a track record in driving company growth and this experience will be very valuable to Medica.



Advance Notice of Annual General Meeting...

We wish to advise that Medica's sixth annual general meeting is scheduled to be held at 11:00 am on Thursday, 13 November 2003 at the the Lecture Theatre, Australian Stock Exchange, Level 5, Riverside Centre, 123 Eagle Street, Brisbane, Queensland.

Subscribe to Medica...

We again wish to advise that shareholders and other interested parties may subscribe to Medica for online delivery of company newsletters, latest announcements and media releases via our website at www.medica.com.au or by sending us an email at info@medica.com.au.



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