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17 December 2003

Company Announcements Office
Australian Stock Exchange Ltd (ASX)
4th Floor, 20 Bridge Street
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Dear Sir/Madam

Please find herewith a commercially sensitive announcement “**Australian research pioneers Prostate Cancer breakthrough**” for distribution to the market immediately.

Yours sincerely

NICHOLAS MATHIOU
Finance Director



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Media Release

17 December 2002

Australian research pioneers Prostate Cancer breakthrough

An Australian breakthrough into Prostate Cancer research announced today offers hope to thousands of men affected by the disease world-wide.

Melbourne drug discovery company Cytopia, a subsidiary of Medica, today announced that it would expedite human trials as soon as possible for a molecule that kills late-stage human prostate cancer cells in animal studies.

Prostate cancer is the most prevalent cancer in the majority of developed countries with 70,000 dying worldwide each year. The incidence in Australia is around 10,000 a year with 2500 men dying each year. In the US it was 164,000 in 2001, with a prevalence of over one million. It is the second leading cause of death in US men next to lung cancer with 40,000 men dying from the disease each year.

Dr Andrew Wilks, Chief Scientific Officer of Cytopia, said that the molecule works essentially by putting a spoke in the wheel of the cancer cell's normal growth cycle. It prevents the cancer cell from dividing and in doing so sends it into a death spiral, so the end product is a dead cancer cell.

"We expect the molecule to be in human trials in the second half next year", Dr Wilks said.

A team led by Professor Tony Costello, Director of Urology at the Royal Melbourne Hospital and a Director of the Prostate Cancer Foundation of Australia carried out the animal studies.

"Traditionally, chemotherapy has been unsuccessful in prostate cancer, so a more targeted molecular therapy is rather beguiling," Professor Costello said.

"We found at 40 days a reduction in primary growth by about 50 percent in the prostate cancer and in the metastatic prostate cancer in lymph nodes about a 50 percent reduction. I think it's very promising," Professor Costello said.

Most patients with advanced prostate cancer are placed on hormone therapy to reduce testosterone dependent growth of the tumour. This therapy is not effective indefinitely in most patients, with the average response period being 3 years.



If a tumour continues to progress despite this therapy it is termed Hormone Refractory Prostate Cancer (HRPC). Patient prognosis is very poor, with a median survival time of 6 to 12 months from diagnosis. This is the stage that Cytopia's molecule attacks.

HRPC represents a significant unmet clinical need and has a potential market in excess of US\$ 1 billion per annum. Cytopia CEO and Medica's Managing Director Dr Kevin Healey said with 70,000 men world-wide dying from prostate cancer, there had already been a lot of interest in Cytopia from the big pharmaceutical companies. "Apart from the humanitarian benefits, this is a billion dollar market that an Australian biotech company stands to compete in," he said.

"We will conduct the necessary toxicology testing with a view to commencing human testing by mid 2004", Dr Healey said.

AFL legend and former prostate cancer sufferer Robbie Flower said, "Before I had prostate cancer I didn't know I had a prostate. It really is a naïve thing as far as men are concerned. Awareness is a big issue,"

"To find that research being done here in Melbourne and hopefully finding a cure for the cancer would be just so exciting. I would be very proud of it," Flower said.

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About Cytopia Pty Ltd

Cytopia is a Melbourne-based drug discovery company focused on the treatment of immune diseases and cancer. It is an 80%-owned subsidiary of Medica Holdings Limited (ASX: MCA).

Cytopia specialises in discovering new drugs that can inhibit enzymes known as kinases, an exciting new class of drugs. It holds a worldwide exclusive license to a number of kinases which play a crucial role in activating cells of the immune system and certain cancers.

Cytopia has developed proprietary computer software known as its **Chemaphore Platform** that enables the design of focused chemical libraries, high-throughput *in silico* screening, and the refinement of drug leads into drug candidates. This platform has proved to be superior to commercially available packages and is applicable to many different drug targets.

Cytopia is rapidly building a pipeline of drug candidates for disorders such as Hormone Refractory Prostate Cancer, leukaemia and inflammatory disorders.



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Note to Editors

Professor Costello's team at the Royal Melbourne Hospital used a mouse model of prostate cancer, a metastatic model in a xenograft. They found at 40 days a reduction in primary growth by about 50 percent in the prostate cancer and in the metastatic prostate cancer in lymph nodes about a 50 percent reduction in 40 days.

Glossary

Metastatic: the spreading of cancer cells, in this case to the lymph nodes

Xenograft: insertion of cells foreign to the animal, in this case human prostate cancer cells.

Hormone Refractory Prostate Cancer (HRPC): final stage of prostate cancer at which patients no longer respond to hormone-based therapies.

About Medica Holdings Limited

Medica, an ASX-listed Pooled Development Fund, specialises in investing in the biotechnology sector. As well as facilitating the establishment of Cytopia, which is developing a range of drug candidates against immune diseases and prostate cancer, it has an approximate 21% ownership of Alchemia (14.4% post IPO) which is developing carbohydrate-based drugs, and owns approximately 24% 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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