

Circadian completes acquisition of 100% of Vegenicis

- **Complete control of Vegenicis' anti-angiogenic cancer product pipeline and broad intellectual property portfolio**
- **Significant milestone in biologics drug development strategy**
- **Jonathan Skipper of the Ludwig Institute for Cancer Research (LICR) appointed to Circadian Board**
- **Strong cash position (\$45M) and listed investments (\$13M) to drive drug development and partnering strategy**

Circadian Technologies Limited (ASX:CIR) has completed its acquisition of 100 per cent ownership of Vegenicis Limited, a developer of angiogenesis-based therapies for cancer and other serious diseases on the terms previously advised to the market. The acquisition provides Circadian with complete ownership of Vegenicis' product pipeline and an extensive intellectual property portfolio covering key targets for the treatment of diseases associated with angiogenesis.

Vegenicis' patent estate and rights cover Vascular Endothelial Growth Factor proteins C and D (VEGF-C, VEGF-D) that help regulate the growth of new blood vessels (angiogenesis). Blocking these proteins around tumours may inhibit the growth of existing tumours and prevent the spread of new cancer cells. Genentech Inc's multi billion dollar anti-cancer drug Avastin® is an antibody therapy against the closely related VEGF-A.

Circadian CEO Robert Klupacs said "The successful completion of this transaction is a key step in Circadian's strategy announced in June this year to focus on Vegenicis as our core business. Our strong cash position (\$45 million), listed assets (\$13 million) and expanded management and drug development advisory team put us in a very favourable position to advance the Vegenicis pipeline and commercialize its extensive intellectual property."

"Our objective is to become a prominent international biologics drug development company in the anti-angiogenic space."

Vegenicis is currently developing antibody-based drugs to VEGF-C and VEGF-D (VGX-100 and VGX-200) with VGX-100 being the most advanced clinical candidate. An expanding body of scientific literature suggests that targeted VEGF-C and VEGF-D either alone or in combination with Avastin® may provide more effective anti-cancer treatments.

Circadian is also pleased to announce the appointment of Dr Jonathan Skipper as a director of the company. As LICR's Executive Director for Intellectual Property and Licensing, Dr Skipper heads the Institute's international operations to commercialise its technologies.

Circadian's Chairman, Ms Dominique Fisher said, "Jonathan Skipper brings to the company scientific expertise in cancer biology and exposure to the international pharmaceutical licensing

arena. He has completed a number of licensing deals with large pharmaceutical companies which will be of significant benefit to our long-term partnering strategy.”

“He also brings a deep understanding of the VEGF intellectual property owned by Vegenics much of which was originally developed by scientists from LICR and the University of Helsinki.”

Dr Jonathan Skipper commented “LICR and Licentia are very pleased to have concluded this transaction and to be key shareholders of Circadian. I believe the company is very well positioned to develop treatments for cancer and other diseases using the VEGF technology.”

About Circadian Technologies Limited

Circadian (ASX:CIR) is a biologics drug developer building on its significant intellectual property portfolio around Vascular Endothelial Growth Factor (VEGF) C and D that it has accumulated in its unlisted wholly owned subsidiary Vegenics. The applications for the VEGF technology, which functions in regulating blood supply, are substantial and broad. Circadian is focussed on developing novel anti-cancer therapeutics in the first instance. Circadian, through Vegenics, has existing relationships with licensees UK company Ark Therapeutics Group plc (LSE: AKT) and ImClone Systems Inc (NASDAQ:IMCL). Ark’s product Trinam®, a treatment for vascular grafts associated with renal dialysis, is expected to enter Phase 3 clinical trials in 2008 and ImClone is developing a lead antibody to VEGFR-3 for the treatment of solid tumours.

The VEGF patent portfolio developed by the Ludwig Institute for Cancer Research Ltd (LICR) and Licentia Limited (the commercial arm of the University of Helsinki) has been assigned to Circadian’s subsidiary Vegenics. Vegenics also has rights to CoGenesys Inc/Human Genome Sciences Inc’s VEGF-C IP.

LICR and Licentia are substantial shareholders in Circadian owning a total 11.3% interest in the company. In accordance with the terms announced on 15 July 2008 the second tranche of the consideration for the acquisition of LICR’s and Licentia’s combined interest in Vegenics is to be settled with a further issue of 1,155,000 Circadian shares to LICR (532,455 shares) and Licentia (622,545 shares) on the earlier to occur of certain product development milestones or 14 August 2010 (subject to shareholder approval, if required, under the ASX Limited Listing Rules).

About VEGF Technology

In Cancer

The clinical and outstanding commercial success of Avastin®, an antibody that blocks the activity of VEGF-A, clinically validated anti-angiogenic drugs as an effective means of inhibiting solid tumour growth. By blocking the interaction of VEGF-A with its receptors, primarily VEGFR-2, the multi-billion dollar cancer therapeutic slows tumour growth by inhibiting blood vessel recruitment into the tumour, effectively starving tumours of essential nutrients and oxygen required for growth. Avastin® which is sold by Genentech Inc and Hoffman-La Roche had US sales in 2007 of \$US2.3B and worldwide sales in excess of \$US6B.

VEGF-C and VEGF-D inhibitors, key therapeutics in the portfolio of Circadian’s unlisted subsidiary Vegenics, block the alternative ligands for VEGFR-2. As such, they have the potential to block blood vessel growth in tumours resistant to anti-VEGF-A therapy and when used in combination with drugs like Avastin®, may completely shut down angiogenesis (the growth of blood vessels) mediated by VEGFR-2, resulting in greater clinical efficacy.

VEGF-C and VEGF-D also bind and activate VEGFR-3 which drives lymphatic vessel and tumour-associated blood vessel growth. Inhibitors of VEGF-C, VEGF-D and VEGFR-3 thus have therapeutic potential to inhibit not only primary tumour growth through their anti-angiogenic activities, but to also inhibit tumour spread or metastasis via the lymphatic vessels - a mechanism of tumour dissemination that is often the deadliest aspect of many tumour types and a mechanism that is not effectively blocked by anti-VEGF-A or anti-VEGFR-2 therapeutics.

Other Disease Applications

VEGF Technology also has applications in other diseases, where shutting down angiogenesis and/or lymphatic vessel growth is important, such as eye diseases including age related macular degeneration and diabetic retinopathy.

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