TARGETING DIABETES

Investor update
September 2007

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Investment highlights

- Large and growing medical need in Type 2 diabetes and its complications
- Lead product in clinical trials with comparative safety advantages
- Three metabolism focused products in development
- Internationally focused product registration strategy for ISF402
- Strong team and partners

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Diabetes – a growing market

- Over 200m people worldwide have diabetes, expected to grow to 380 million by 2025
  - 5% of people have diabetes, another 8% have predisposition
- In the United States, over 20 million of the population has diabetes
- In Australia, over 1.2 million have diabetes
  - >50% remain undiagnosed
  - 275 Australian adults develop diabetes each day (100,000 pa)
- The Australian epidemic is in full flight with estimated treatments costs in excess of $3b pa

DIABETES IS ONE OF THE FEW MAJOR DISEASES IN THE WORLD THAT IS ESCALATING

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Diabetes/ Metabolism focused product portfolio

- **ISF402**
  - Orally administered insulin sensitiser
  - Novel mode(s) of action
  - Monash University – scientific team
- **IM014**
  - Joint development with Fusion Biosciences (Victoria)
  - Insulin sensitising and inherent insulin-like activity
- **CDA1**
  - Novel target involved in fibrosis
  - Application in diabetic nephropathy, atherosclerosis
  - Baker Medical Research Institute

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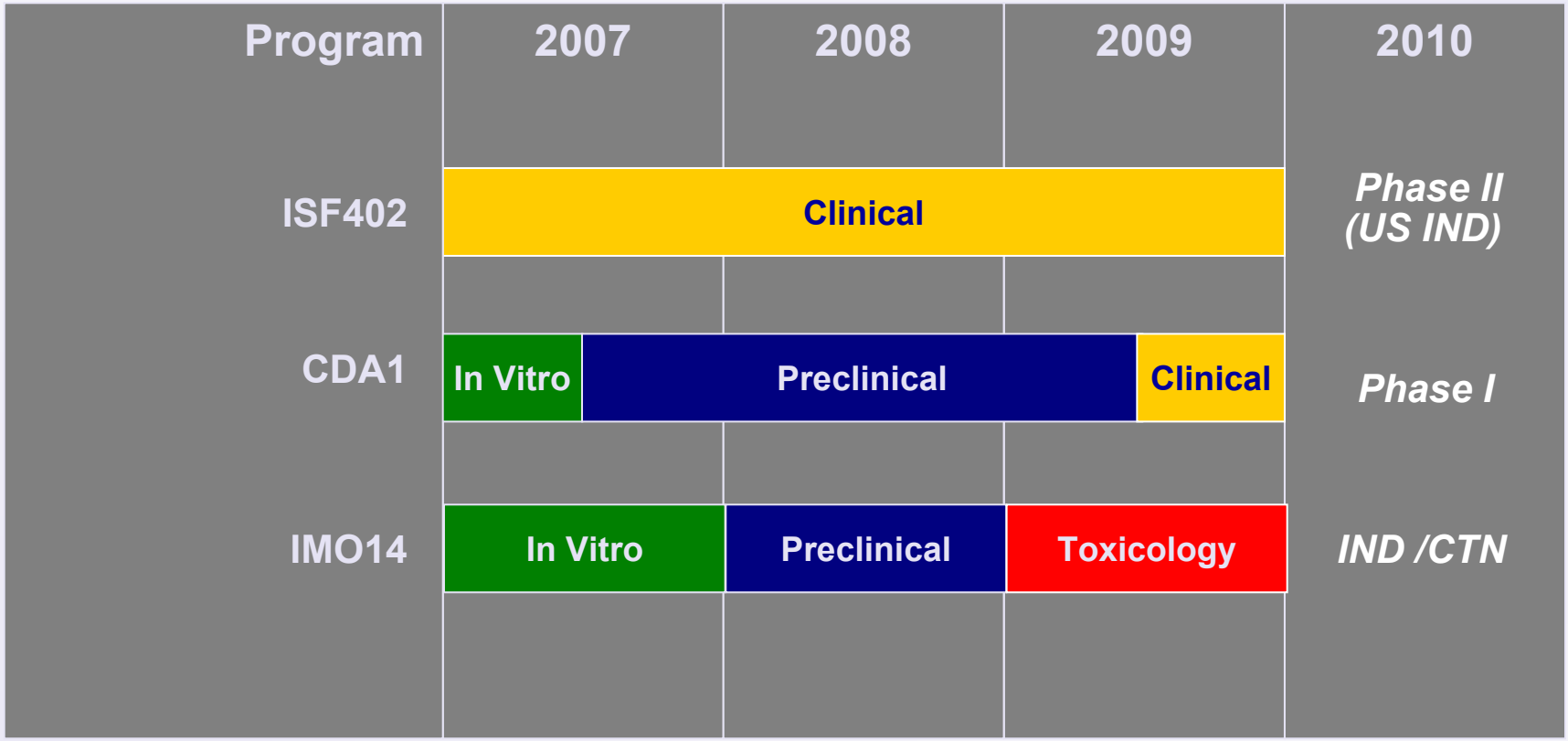
Product Portfolio



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ISF402 – a new generation insulin sensitiser

- Mechanism of action
  - ISF402 is a pro-drug for the active species HTD-amide
  - Accelerates dispersal of insulin from secreted hexamers into active monomers
  - Increases insulin levels without increasing insulin secretion, by possibly decreasing insulin clearance
  - Increases whole body glucose disposal

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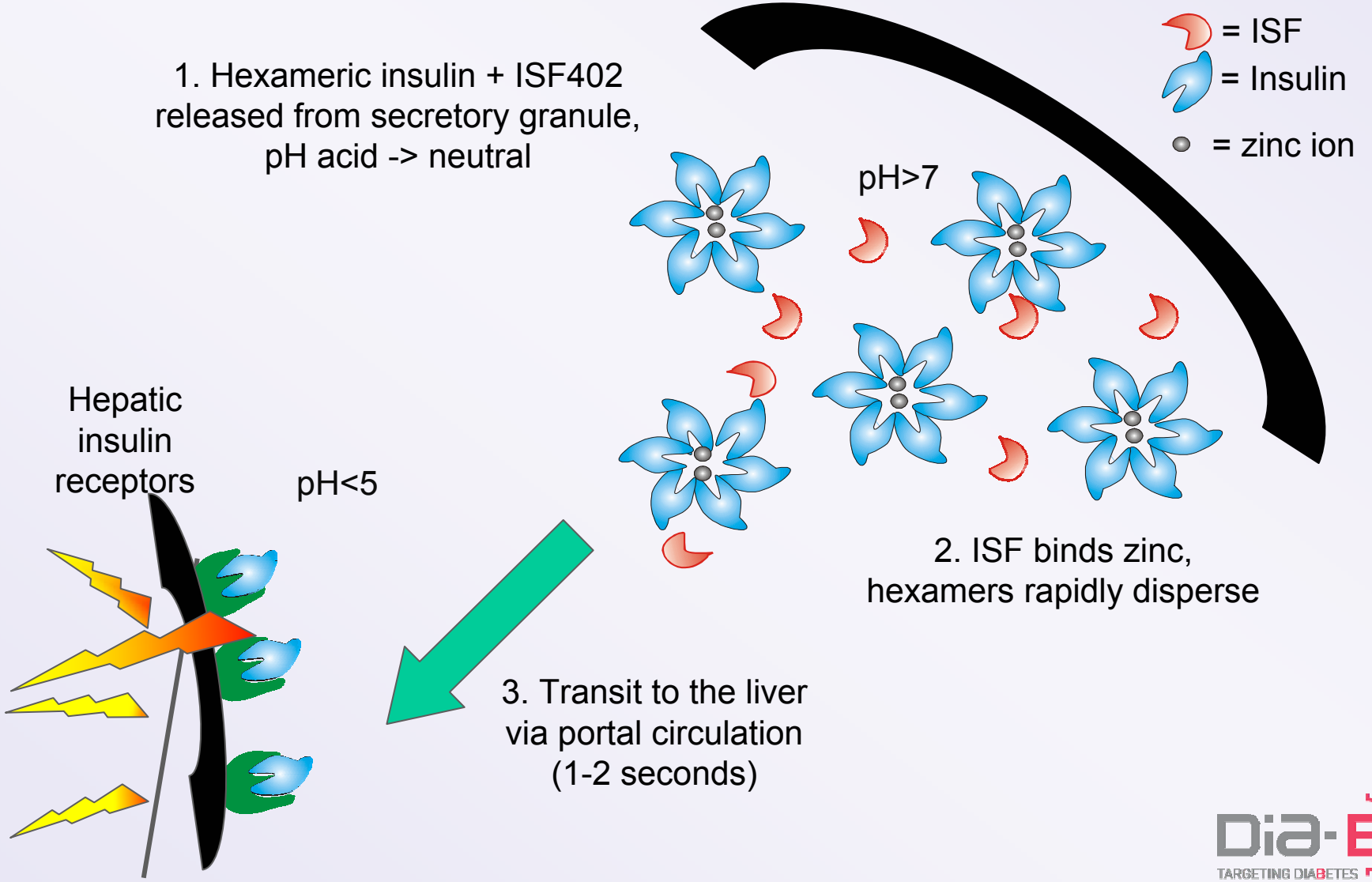
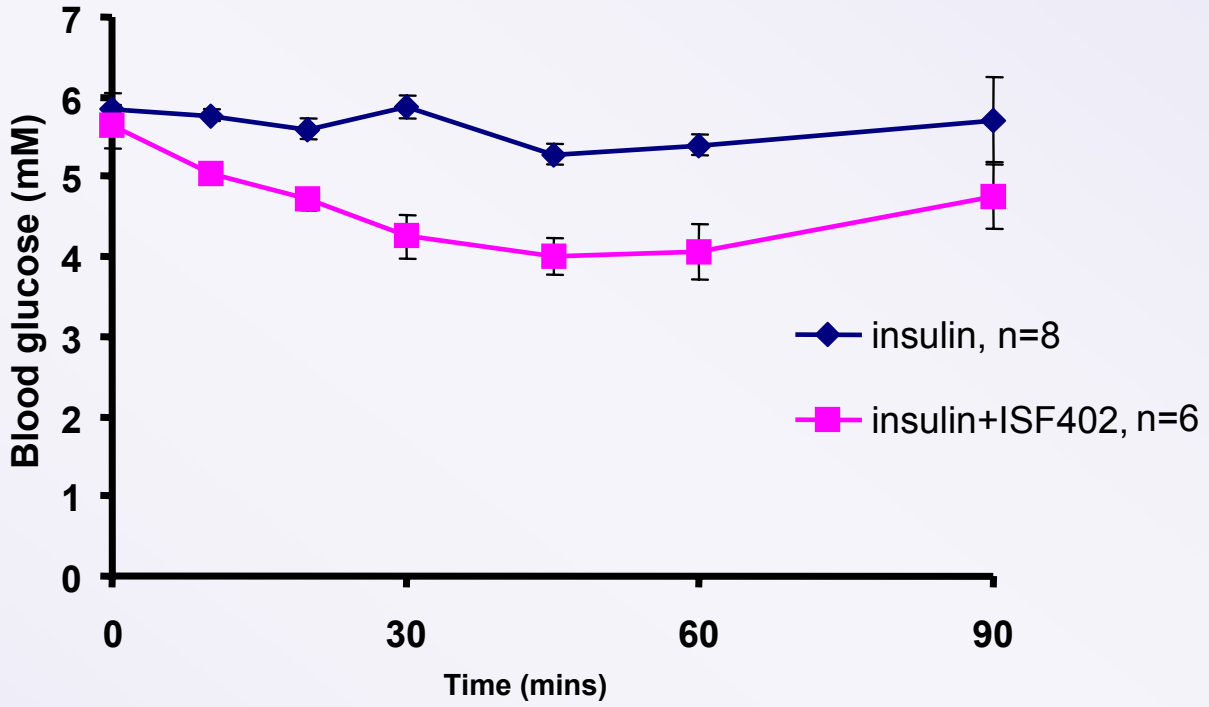
ISF402: Mechanism of action



ISF402 shows activity in diabetes animal models



- Zucker fatty rats were injected with either insulin or insulin with ISF402. Insulin reduced blood glucose by 0.6 mM. Insulin with ISF402 reduced blood glucose by 1.6 mM.

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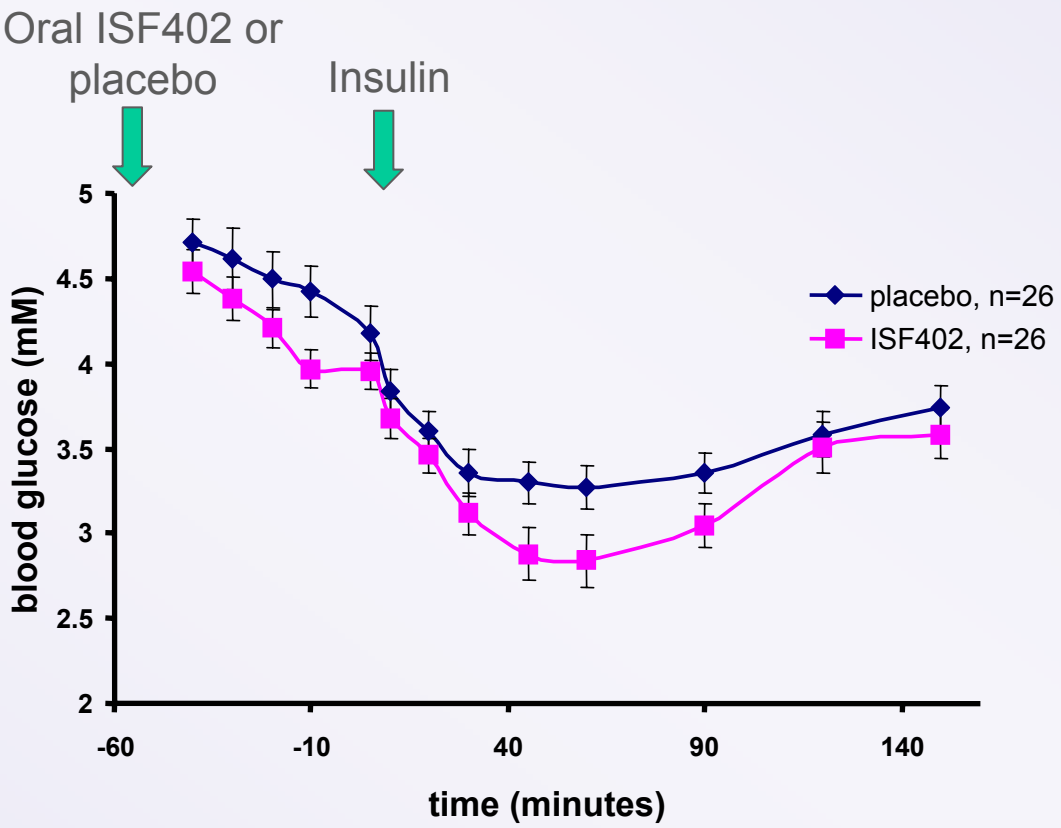
ISF402 is active when given orally



- Rats (Wistar) were given oral ISF402 or placebo and one hour later an insulin tolerance test was performed. ISF402 reduced blood glucose and increased the response to insulin

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Phase Ia: clinical evaluation of ISF402

- Completed in August 2007

Protocol & End Points:

- 32 healthy male volunteers randomised to receive an initial starting dose of 100 mg ISF402 or placebo with a dose escalation to1600 mg
- The safety and tolerability was reviewed prior to dose escalation to the next treatment
  - Blood and urine samples collected for the first 24 hours
- At the end of treatment subjects returned for an outpatient visit on Day 7±1

Results:

- No material adverse events

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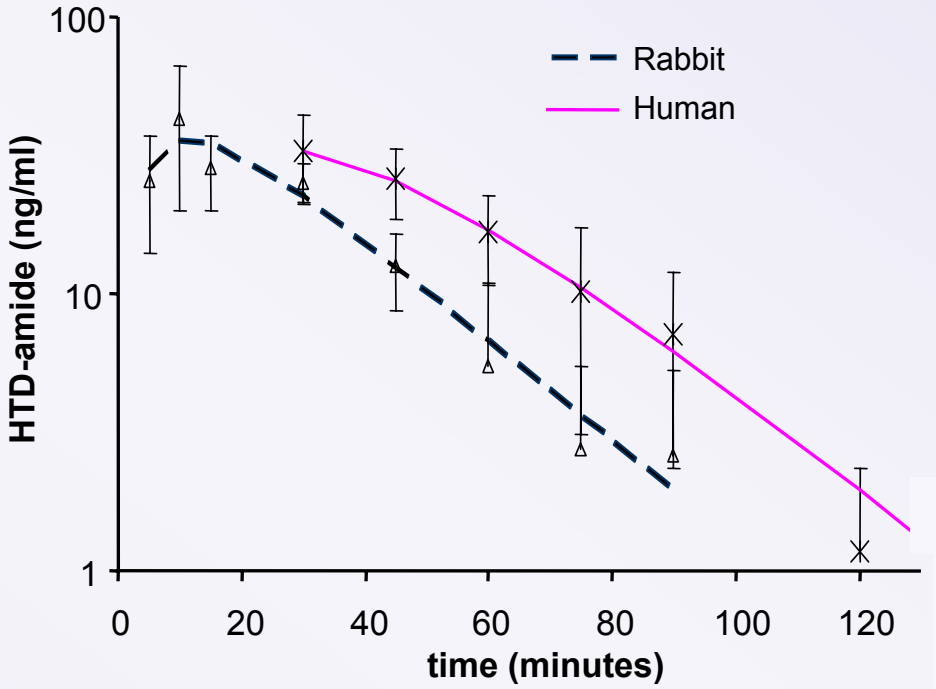
Pharmacokinetic data supports ISF402 bioavailability

- A robust procedure has been developed for measuring ISF402 in plasma
- Identifies the major clinically active metabolite (HTD-amide)
- The assay measures ISF402 and HTD-amide in plasma from humans and animals
- Plasma concentrations of HTD-amide in dosed subjects from the Phase Ia trial are similar to the concentrations that improve insulin activity in rabbits.



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Phase Ib: clinical evaluation of ISF402

Trial protocol:

- Patients are randomized to receive ISF402 or placebo on two separate occasions followed by a standard meal
- Dosing was separated by a minimum of 14 days
- Patients are to be dosed with 900mg of ISF402 based on the pharmacokinetic data from the Phase Ia trial

Trial end-point:

- To evaluate the safety, tolerability and pharmacokinetics of a single oral dose of ISF402

Results:

- Data available in Q4 2007

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ISF402 differentiators

AGENT	ACTION	SIDE EFFECTS	DOSES/DAY
ISF402	**Potentiation of insulin activity**	**None observed**	**1-2**
Thiazolidinediones (Actos, Avandia)	Increase insulin sensitivity	Weight gain, liver damage, heart failure	**1-2**
DPP-IV inhibitors (Januvia)	Increase pancreatic insulin secretion	Nasopharyngitis, resp. tract infection	**1**
GLP-1 agonist (Exenatide)	Increase pancreatic insulin secretion	Nausea, vomiting, diarrhea	**2 (sub-cut)**
Meglitinides (Prandin)	Increase pancreatic insulin secretion	Hypoglycemia	**2-4 with food**
Sulfonylureas (Glyburide)	Increase pancreatic insulin secretion	Hypoglycemia, rash weight gain	**1-2**
Biquanides (Metformin)	Decrease hepatic glucose output	GI effects, diarrhea	**1-3 with food**
α-Glucosidase inhibitors (Acarbose)	Delay carbohydrate absorption	Gas, cramping	**1-3 with food**

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IMO14: insulin sensitiser

- A specific alkaloid that improves insulin sensitivity in Type 2 diabetes patients
  - Acts in an “insulin-like” manner
  - Mechanism of action studies being completed
- Active Pharmaceutical Ingredient (API) identified and provisional patent application lodged in 2006
- Animal studies have commenced
  - Efficacy, pharmacokinetic and dose range studies being completed
  - Tested invitro and invivo with
- API formulation and manufacture being assessed

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CDA1: diabetic nephropathy and atherosclerosis

- Developing a drug/product to prevent complications caused by CDA1
- CDA1 is a protein that causes scarring/complications downstream in kidney and vascular systems after the onset of diabetes
- A potential receptor for CDA1 has been identified that mediates the action of the protein

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Intellectual property

- 2 patent lodged in 2005 for ISF402
  - Further updated 2006, based on new discoveries of mechanism of action for ISF402
  - Patents issued in United States and New Zealand
  - Patents pending in Australia and Europe
- Provisional patent lodged for the treatment of diabetes using post-modified active formulations for ISF402 in August 2007
- All patents protect alternative formulations and potential new drug applications involving ISF402

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Strong Board & Management

Board

- **Dr Michael Wooldridge** — **Chairman**
  - Former Australian Minister for Health and Family Services
- **Neil Hewitt OAM** — **Non-Executive Director**
  - Former Managing Partner of KPMG
- **Sir George Alberti** — **Non-Executive Director**
  - Past President of the International Diabetes Foundation

Management

- **Ken Smith** — **CEO**
- **Dr Mark Myers** — **Chief Scientist (Monash University)**

Scientific Advisory Board

- **Prof Paul Zimmet AO** — **Chairman of SAB**
  - Head of International Diabetes Institute

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Key financials

Current share price[(1)]:	$0.08 per share
L12M High:	$0.165 per share
L12M Low:	$0.043 per share
Issued shares:	143,920,019
Issued options:	87,381,699
Market Capitalisation[(1)]:	$11.5 million
Cash as at 30 June 2007:	$1.84 million

Notes:
(1) As at September 25, 2007

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Future milestones & next steps

- Phase Ib data to be released in Q4 2007 for biological effect
- Prepare ISF402 for US FDA registration strategy
  - API manufacture and formulation
  - Animal toxicology dependent on indicative dosing strategy
  - Pre-IND meeting
- Phase IIa trial under IND
- Further development of IMO14 and CDA1 through to proof of concept in pre-clinical animal models

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