



21 October 2010

The Company Announcements Platform
ASX Ltd
Sydney NSW 2000

PHYLOGICA AND ROCHE COMPLETE FIRST STAGE OF PARTNERSHIP TO IDENTIFY NOVEL CELL-PENETRATING PEPTIDES

Perth, Australia; 21 October 2010: Phylogica Limited (ASX: PYC) announced today that the first stage of its partnership with Roche (SIX: RO, ROG; OTCQX: RHHBY) has been completed. The companies are collaborating to identify novel cell-penetrating peptides using Phylogica's drug discovery platform.

Phylogica has met key objectives of the first stage and has identified several potential candidate peptides from its Phylomer libraries. Roche is reviewing the data and, pending the outcome of this review, the next stage of the collaboration will be determined.

The collaboration was initiated in December 2009. In the first stage of the agreement, Roche provided funding for Phylogica to screen its libraries to identify cell-penetrating peptides that meet defined criteria. This has been completed with the recent delivery of Phylogica's report describing several unique peptides that have the potential to deliver therapeutic payloads into diseased cells. If confirmed, these peptides could be used to develop novel intracellular-targeted therapies for many types of disease.

Roche's Dr Anton Haselbeck, Head of New Technologies in Roche's Pharma Research & Early Development unit, commented on the partnership: "We scour the world looking for innovation that could lead to new medicines, and our collaboration with Phylogica has uncovered an exciting area of research. We now need to examine the results of Phylogica's thorough research and determine the best way of applying it to our drug development programs."

Phylogica's Chief Executive Officer, Dr Paul Watt, said: "Roche was the first major pharmaceutical company to partner with us since we focused our strategy on fee-for-service drug discovery alliances. Our partnership with Roche is working well. We have completed the first phase of the deal to a high standard and, more importantly, we have identified candidate peptides that have the potential to address the challenges of targeting intracellular disease pathways with biologics."

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Notes to Editors:

Phylogica

Phylogica Limited (ASX: PYC) is biotech company based in Perth, Australia, with a world-class drug discovery platform harnessing the rich biodiversity of nature to discover novel peptide therapeutics. The Company was incorporated in 2001 as a spin out from the Telethon Institute for Child Health Research (Perth, Australia) and the Fox Chase Cancer Center (Philadelphia, USA). Phylogica's strategy is to accelerate cash sustainability by focusing on fee-for-service drug discovery partnerships. The Company's Phylomer libraries have been optimised by natural evolutionary selection for peptides with stable drug-like structures. The unique qualities of the Phylomer libraries are validated by partnerships with Roche and MedImmune.