

Dow Jones VENTUREWIRE  
Wednesday, October 19, 2005

## **Emerging Diabetes Start-Up DiaKine Raising First Institutional Round**

Charlottesville, Va. -- Formed in December 2004 by way of individual financial support for intellectual property in-licensed from Cell Therapeutics Inc., DiaKine Therapeutics Inc. has set out to raise venture financing for the development of its diabetes pipeline, Chief Executive Keith Ignatz told VentureWire.

The Charlottesville, Va.-based company floated a \$1.5 million convertible bridge at its inception, and has since secured about half of that, Ignatz said. It will continue to fill the bridge as it looks to raise "high single-digit millions" in a Series A expected to close by year's end or early in 2006.

DiaKine's lead compound is a small molecule drug known as lisofylline that has been shown to block the destructive inflammatory actions of immune system cytokines, which can destroy pancreatic islets in the pancreas and cause diabetes.

Cell Therapeutics initially developed lisofylline for use in treating bone marrow transplant patients, but the compound did not meet its endpoints in a Phase III study. Clinical data from around 600 patients allows DiaKine to begin at Phase II, which "gives us a four-year jump in development and time, and reduction in cost," Ignatz said.

In addition, the National Institutes of Health has said it will conduct the Phase II study as part of its islet transplantation initiative. "NIH participation in the trial is worth around \$1 million to us," the CEO said, also noting \$250,000 in additional NIH grant money.

With the expected Series A money, DiaKine will seek to develop a subcutaneous injection formulation of lisofylline - it is presently administered through IV - for a Phase I study and bring additional intellectual property, treatments for type-2 diabetes and latent autoimmune diabetes in adults, towards the clinic.

DiaKine presently has just two employees.

<http://www.diakine.com>

Receive daily e-mail news about the universe of venture capital, private equity, and high-tech startups -- subscribe to VentureWire at: <http://www.venturewire.com>

©2005 Technologic Partners