



For Immediate Release  
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## **DiaKine Therapeutics and AdPharma to Develop Diabetes Inhibiting Drugs**

*Lisofylline shown in studies to reverse type 1 diabetes in animal studies*

CHARLOTTESVILLE, VA and ARLINGTON HEIGHTS, IL – January 31, 2007 -- DiaKine Therapeutics, Inc. and AdPharma, Inc. today announced an agreement to develop a pipeline of drugs aimed at reversing diabetes. The first drug in the pipeline is Lisofylline (LSF), an immune modulating compound that has reversed type 1 diabetes in mice in combination with another agent.

“AdPharma has proven capabilities in pharmaceutical development and contract research and has been selected as DiaKine’s partner to assist in the development of our pipeline of drugs that approach the treatment of diabetes in a novel way: preserving or restoring the patient’s own insulin producing cells,” said Keith D. Ignatz, CEO and President of DiaKine. “Our arrangement with AdPharma accelerates our drug development process, and as a partner, provides a creative and non-dilutive means to advance our pipeline.”

Under terms of the agreement, AdPharma has made an investment in DiaKine’s Convertible Note and has agreed to provide drug development services at a discount in exchange for common stock at a pre-established price.

“DiaKine’s scientific strength, large portfolio of novel drugs, and advanced development program made them our first choice for this new initiative whereby we partner with early stage companies,” said Anil Sunkara, CEO of AdPharma. Additionally, Vivekananda Ramana, M.D., Co-founder and Chief Operating Officer of AdPharma has been named to the DiaKine Board of Directors.

“We are very pleased to be working with DiaKine on such an important and potentially groundbreaking portfolio of drug candidates,” said Dr. Ramana. “We believe that we can assist DiaKine in quickly taking its lead drug to Phase 2 trials and assist in advancing its oral compounds, with equal or better action, into clinical studies in a highly efficient manner.”

DiaKine plans to take its immune modulator, LSF, to arrest diabetes and restore insulin production into a Phase 2 proof of principal clinical trial and then collaborate or license it to a large pharmaceutical company for

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further development and commercialization. LSF has already been formulated into a product (Isletlife-LSF Media 1) which is on the market as a product designed to improve the viability and insulin producing capabilities of harvested islet cells prior to transplant, potentially improving the success rate of the procedure.

LSF is a synthetic small molecule, with novel anti-inflammatory properties, that blocks autoimmune damage to insulin producing cells. In a study of non-obese diabetic (NOD) mice, a well-established model of type 1 diabetes, the animals were treated for 28 days with a combination of LSF/Extendin-4. The treatment completely reversed diabetes as evidenced by restored glucose homeostasis. Additionally, there was evidence of new cell growth in the area of the islet cells in the mice given the combined therapy. Additionally, LSF has shown in human islet cell studies to reduce cell death by more than 30% and improve insulin output capabilities. DiaKine is also developing LSF and other novel immune modulators drug therapies for type 1, type 2 diabetes, and related complications.

**About DiaKine --**

DiaKine Therapeutics, Inc. is a development-stage company commercializing novel immune modulators for the treatment of diabetes and related complications. These drugs have the potential to stop the progression of diabetes and reverse damage already caused by the disease. Therapeutics under development by DiaKine include: adjunct therapy to islet cell transplants, halting the progression of type 1 diabetes in newly diagnosed adults, treatment and prevention of Latent Autoimmune Diabetes of Adults (LADA), treatment and prevention of insulin requiring type 2 diabetic, treatment and prevention of diabetes complications. For more information, visit [www.diakine.com](http://www.diakine.com).

**About AdPharma –**

AdPharma is providing total drug development services with a key focus on Drug Safety Management and Clinical Trial Management in addition to providing IT services to pharmaceutical companies. Headquartered in Illinois with corporate offices in India, AdPharma focuses on the delivery of quality data in a cost efficient manner. Professionals at AdPharma utilize over 90 years of experience in the pharmaceutical industry and 15 years of IT experience to hone its clinical drug safety & pharmacovigilance and data management skills (monitoring, modeling, analyzing and interpreting data) across the pharmaceutical industry. For more information, visit [www.ad-pharma.com](http://www.ad-pharma.com).

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