

Welcome to this
first edition of the
Medical Therapies
Shareholder
Bulletin.

We sincerely value
your investment and
interest in the
Company and these
Bulletins will be
published
periodically to
keep you aware of
the Company's
overall progress.

SPECIAL EVENT

We invite you to join
us for our first
Shareholder
WEB CONFERENCE
to be held on
Tuesday 20 June at
11am Australian EST.

Listen and view all
the news LIVE.

Ask the CEO, CFO
and our
Chief Scientists
questions online or
over the phone.

To register, simply
email us at
webchat@
medicaltherapies.com.au

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MEDICALTHERAPIES 

Shareholder Bulletin

Volume 1, Issue 1

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QUARTER HIGHLIGHTS

ASX LISTING

We listed Medical Therapies on the ASX on 6 December 2005 and the Company's shares began trading on 9 December 2005.

TECHNOLOGY

At that point, all of the intellectual property that we had identified from The University of Sydney was irrevocably assigned to the Company.

PATENTS

We purchased the Regtop/Biffin patents surrounding metal complexes of NSAIDs from Nature Vet Pty Ltd – most importantly these give us rights to certain versions of copper and zinc indomethacin.

STRATEGY

At our AGM on 5 April we announced two further corporate strategic initiatives (beyond commercialising our own technologies and drugs) that are aimed at improving the Company's short term cash flow and profit, overall capability and long term future.

The first of these initiatives involves the search for strategic corporate acquisitions – our desire to buy companies that have a strategic fit with Medical Therapies and our commercial aspirations, and particularly those companies that can add cash flow and profit to our business.

The second initiative involves our search for strategic intellectual property portfolios – portfolios of patents that fit into our metal, NSAID, anti-cancer and/or anti-inflammatory drug spaces.

We are exploring some exciting opportunities and we hope to make some announcements soon.



"The mind has exactly the same power as the hands: not merely to grasp the world but to change it."

Colin Wilson, English writer

US DRUG REGISTRATION: PROGRESS REPORT

In collaboration with our US Food and Drug Administration (FDA) consultants we continue to pursue the early registration of copper indomethacin as a generic equivalent drug in the United States.

All indications are that rapid registration is possible in the short term under the FDA's 505(b)2 application process, with timing still on track for

the New Drug Application being submitted very late 2006.

We have appointed a US based manufacturer to develop human grade copper indomethacin.

We are planning to conduct a bio-availability/bio-equivalence study in humans that is fully compliant with the US FDA's requirements.

We have engaged Australian based consultants to set up and manage this very important trial in the US and in combination with our US based regulatory consultants – the Biologics Consulting Group in Alexandria, Virginia.

“..the potential is for our technology to prevent the formation of sun induced skin cancer and, if it is already present, to cure the cancer.”

ANTI-SKIN CANCER SUNSCREEN MOUSE TRIAL

On 15 December we announced commencement of a large scale mouse trial using a topical (cream) therapy for the treatment of skin cancer.

This is a large breakout study, aimed at determining both the protective and curative effects of both copper and zinc indomethacin, alone and in combination with a recognised sunscreen agent, for the treatment of various skin cancers.

This trial has a number of discrete stages which include:

1. developing the various cream formulations for the sunscreen
2. testing the SPF of these sunscreen formulations
3. applying the various creams followed by exposure to UV (artificial sunlight).

We are currently at stage 2 and we expect preliminary results to be available late in the third quarter of 2006, with final results due late in the first quarter of 2007.

The potential is for our technology to prevent the formation of sun induced skin-cancer and, if it is already present, to cure the cancer.

This is an important study for the Company, on the back of which we have had a number of early stage discussions with large pharmaceutical companies that may be interested in licensing our technology if its activity can be proven through this trial.

RABBIT TRIALS ON ACUTE VASCULAR INFLAMMATION

As we announced to the ASX on 28 March 2006, we have concluded a pilot study of two of our drugs (copper indomethacin and copper ACM) in the treatment of acute vascular inflammation.

The results of the pilot study at the Heart Research Institute, Sydney, indicated that these drugs showed at least as potent anti-inflammatory activity as the HRI's gold standard control ApoA1.

We are about to commence (in late May) the second phase of this study which is designed to demonstrate statistically that these drugs are extremely effective anti-inflammatory drugs when taken orally. This time though we will be testing the drugs on a larger number of animals. The results should be available by late July 2006.

If we can demonstrate that our drugs are effective in treating acute vascular inflammation in this animal model,

we should be able to progress to human clinical trials in the near term. Human uses for these drugs, if proven effective, would include conditions such as severe muscle strain, post surgical inflammation, and treatment of acute inflammation as experienced in heart attack and stroke.



“One day in perfect health is a lot.”
Arabian Proverb

MELANOMA PILOT CLINICAL TRIAL

During late April, we approached the Sydney Melanoma Unit of the Royal Prince Alfred Hospital to conduct a pilot human clinical trial using copper indomethacin in a very limited number of people to see if it was effective in treating metastatic melanoma.

With the involvement of the Melanoma Unit we went through the processes involved in making an Ethics Committee submission for an intra-lesional (directly into the cancer) injection to see if it had any effect on these melanomas.

We are developing an Investigators Brochure which we will submit to the appropriate Ethics Committee in mid to late June.

The good news is that instead of going forward with a pilot study, we will now be seeking direct entry into human clinical Phase I/IIa clinical trials.

CAPITAL RAISING

As you will all have seen, we recently suspended trading of our shares for two days on the ASX while we concluded a capital raising of \$2.004 million. This was a most successful raising for the Company, which was strongly supported by a number of professional and sophisticated investors.

These funds will be used to cover the costs of the due diligence associated with our potential acquisitions, part of the cost of any acquisition(s),

and provide the initial funding for any associated clinical trials.

At the conclusion of this capital raising, the Company's capital position will be as follows:

Ordinary Shares Issued:
55,509,379

Options Issued:
19,800,351

To all those who participated in this capital raising, including our colleagues at Fresh Capital – thank you for the support!



"The voyage of discovery lies not in finding new landscapes, but in having new eyes."
Marcel Proust (1871-1922) French writer

TECHNOLOGY DEVELOPMENT

On 24 March 2006 the Company lodged three new International PCT patent applications. PCT stands for the Patent Cooperation Treaty, which allows us to make a single patent application filing to reserve our patent rights in most countries in the world.

These PCTs relate to our earlier provisional patent applications which establish the date from which we anticipate gaining protection for our intellectual property.

These PCTs and Provisional Patent Applications represent major developments in the

process of protecting significant inventions made by our scientists at The University of Sydney.

In the coming months, we will be working to exploit these inventions that cover an amazing array of metal complexes of NSAIDs and an equally amazing array of applications and therapeutic uses that we can put them to.

GRANT APPLICATIONS

On 19 May, the Company lodged an application with AusIndustry for a Commercial Ready Grant in support of the development and commercialization of our anti-inflammatory drugs.

Progress on this application will be announced in due course.

"..we will be working to exploit these inventions that cover an amazing array of metal complexes of NSAIDs .."

A NOTE ON REPORTING

As shareholders you will know that the progress of all of these investigations will be announced as appropriate, in keeping with ASX continuous disclosure obligations and the ASX/AusBiotech Code of Best Practice for Reporting by Life Science Companies.

What you may not know, is that our Chairman, Professor Mike Vitale, worked on the committee formed by the

ASX and AusBiotech to develop this Code of Best Practice. As reported in the Sydney Morning Herald on 20 April 2006, Mike has now been engaged by the ASX to conduct a review of announcements made to the stock exchange by biotech companies.

The objective is to find out whether the new Code of Best Practice for Reporting

has improved the way information, such as clinical trial results and licensing deals, is reported.

The results of this study are expected by the end of this year.

COMPANY ADMINISTRATION AND SHAREHOLDER RELATIONS

The administration of a public company is by no means a trivial task regardless of the size of the company, with a raft of compliance, reporting and regulatory requirements that need constant attention and significant expertise in order to satisfy rules of the ASX and the ASIC.

In this regard, Medical Therapies is well supported by our auditors and accountants – PricewaterhouseCoopers, but more particularly by our Chief Financial Officer, Ms Catherine Eddy.

Catherine has worked for over 20 years in progressively senior financial and treasury roles in a variety of industries, including software development, strategic consulting, printing, funds management, banking, audit assurance and corporate advisory.

Also, many of you will have spoken to, or at least received emails from our Business Manager, Ms Kylie Jackson. She has been with the Company almost since its inception and is passionate about growing our business.

Kylie has a professional background that includes over 12 years' experience as a senior manager and consultant. She has experience in business management, marketing, project management and business administration across a range of industries including retail, education, health services and information technology.

Since we listed on the ASX last year, she has added Shareholder Relations to her portfolio of responsibilities. If you have any queries, please call her on mobile: 0417 466 475

REMINDER

Register for
WEB CONFERENCE
20 June 11am
webchat@
medicaltherapies.com.au

FINANCIAL HIGHLIGHTS

Income Statement for the 10 months ended 30 April 2006 [Unaudited]

Revenue		93,256
Expenses		
	Research & development	383,883
	General administration	1,257,554
	Options expense	<u>276,000</u>
		<u>1,917,437</u>
Net loss before income tax		1,824,181
Income tax benefit		<u>144,472</u>
Net loss after tax		1,679,709

Financial Position at 30 April 2006 [Unaudited]

Cash	1,197,532
Other current assets	356,321
Fixed assets	87,294
Intellectual property	<u>2,975,967</u>
Total assets	4,617,114
Total liabilities	164,786
Total shareholders equity	4,452,328

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