

Galantos Pharma Selects Candidate for Clinical Development in Alzheimer's Disease

Milestone triggers payment of last tranche of Series B financing round

Mainz, March 25, 2008 – Galantos Pharma GmbH, a biopharmaceutical company developing natural product derivatives to treat Alzheimer's disease (AD) today announced that it has selected a candidate molecule, which is expected to move into clinical development in Alzheimer's disease (AD) in 2009.

The selected molecule is a derivative of galantamine, a nicotinic acetylcholine receptor sensitizer which is already marketed for the treatment of AD since 2000 (EU) and 2001 (USA) respectively. However, galantamine requires high dosing, as only few percent of the drug are able to cross the blood-brain barrier. As a result, many patients suffer from gastrointestinal and other side effects, a well known problem of all current effective Alzheimer's medications. Galantos' candidate, a prodrug of galantamine, has the ability to better cross the blood-brain-barrier. Subsequently, it is metabolized in the brain to galantamine. Already in standard animal models of cognition, it combines a higher efficacy with an improved tolerability as compared to galantamine. The efficacy to side effect ratio shows a 10-20-fold improvement over galantamine.

“Clinical efficacy of a cholinergic enhancer similar to our new lead molecule is already established for more than eight years by a marketed drug,” said Prof. Dr Alfred Maelicke, CSO of Galantos Pharma, “however its adverse events require month-long dose increases, limit the usable dose and confine overall patient benefit. In contrast, our selected new chemical entity offers improved efficacy at reduced adverse events, so that we expect better tolerability. In addition, it may offer the possibility to immediately start treatment with the effective dose. This would improve the benefit to patients and support their families and caregivers in complying with the medication scheme.”

Dr. Andreas Köpke, CBO of Galantos Pharma said: “We are delighted that we have achieved this important milestone less than two and a half years after inception of the company and less than six month after closing the second financing round, which allowed us to start *in vivo* animal experiments. As a small pharmaceutical company we have been fortunate to work with expert external partners around the world to achieve this goal. We are now preparing for the next step: either another investment round, or partnering of the current program. Galantos Pharma will continue to expand its pipeline of allosteric nicotinic acetylcholine receptor modulators for CNS indications.”

The selection of a drug candidate triggered the payment of the final EUR 1.2 million tranche of its EUR 2.8 million Series B financing round. Lead investor of the round was equinet Venture Partners AG, which is managing VRP (Rheinlandpfalz Fonds) and ERP Start-Fonds of the KfW. Existing investors HTGF (“High-Tech Gruenderfond”) and FIB Fonds of the ISB (Investitions- und Strukturbank Rheinland-Pfalz) also participated in the round.

About Galantos Pharma GmbH

Galantos Pharma GmbH, which was founded in 2005, is developing innovative drugs

for the treatment of neurodegenerative diseases and is focused on the improvement of marketed drugs and natural substances for the treatment of Alzheimer's Disease. The company has raised a total of EUR 3.5 million in two financing rounds.

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