

Teaser Memorandum

Elcom Science Co., Ltd.

December 2007

Executive Summary

Established in 2001, Elcom Science Co., Ltd. ("Elcom" or "the Company") is a professional leader of developing new drugs and functional materials from herbal resources.

Elcom's R&D center was created in March 2004, and has strong global competitiveness through advanced R&D systems for herbal research and experienced professional researchers. Elcom's R&D center has published a number of research products via patents and international journals.

Developments of new drugs from herbal resources generally have the following difficulties:

- Identification of active ingredients
- Assurance of efficient quality control
- Stable obtainment of raw materials
- Efficient efficacy and toxicity assessment
- Technical limit of process for herbal preparation
- Assurance of phytoequivalence of new herbal drugs

Elcom has the ability to overcome the above difficulties through the Company's creative R&D process.

KD501 is a partially purified extract from *Scrophulariae Radix*, which shows an efficacy for the treatment of strokes and degenerated neuronal disease *in vivo*. Elcom filed an IND application with the KFDA (The Korea Food & Drug Administration) in May 2007 and KD501 has currently received KFDA approval for Phase II trials in July 2007. The Company is currently carrying out clinical trials for KD501 for dementia with Kwang Dong Pharmaceutical Co., Ltd., which is one of the biggest pharmaceutical companies in Korea.

Elcom intends to enter into a technology transfer or licensing transaction with respect to KD501 ('the Transaction'). Terms of the Transaction are not set, and interested parties may further discuss the parameters they wish to enter into an agreement.

Key Technology Highlights

□ Creative R&D Process

Elcom has a creative R&D process for herbal drug development. A sufficient number of experienced professional researchers carry out the development, Elcom possess a Natural extract library (over 700) and Active compound library (over 300) and has operated its R&D center under systems for screening, developing and assessment of potential herbal resources.

□ Advanced Development Stage

KD501 is currently undergoing phase II trials for dementia in Korea. The Company expects to enter the next phase at the end of 2008. Furthermore, the Company has plans to undergo clinical trials in foreign countries in 2009.

□ Patent protection

Elcom has obtained patent registration for cinnamate derivative having neuroprotective activity for KD501. The Company filed the patent application with KIPO (the Korean Intellectual Property Office) on July 13, 1998 and the patent application was registered on March 13, 2001 as Patent Number KR 10-0291524.

Company Description:

- CEO: Hak-Jung Kim and Sang-Hyun Sung
- Established: August 2001
- No. of Employees: 10
- Capital: US\$ 1.1 Million

Product Description:

- Type: Herbal drug
- Therapeutic area: strokes and degenerated neuronal diseases
- Development status: Phase II clinical trials (Korea)

Technology Development & Company History:

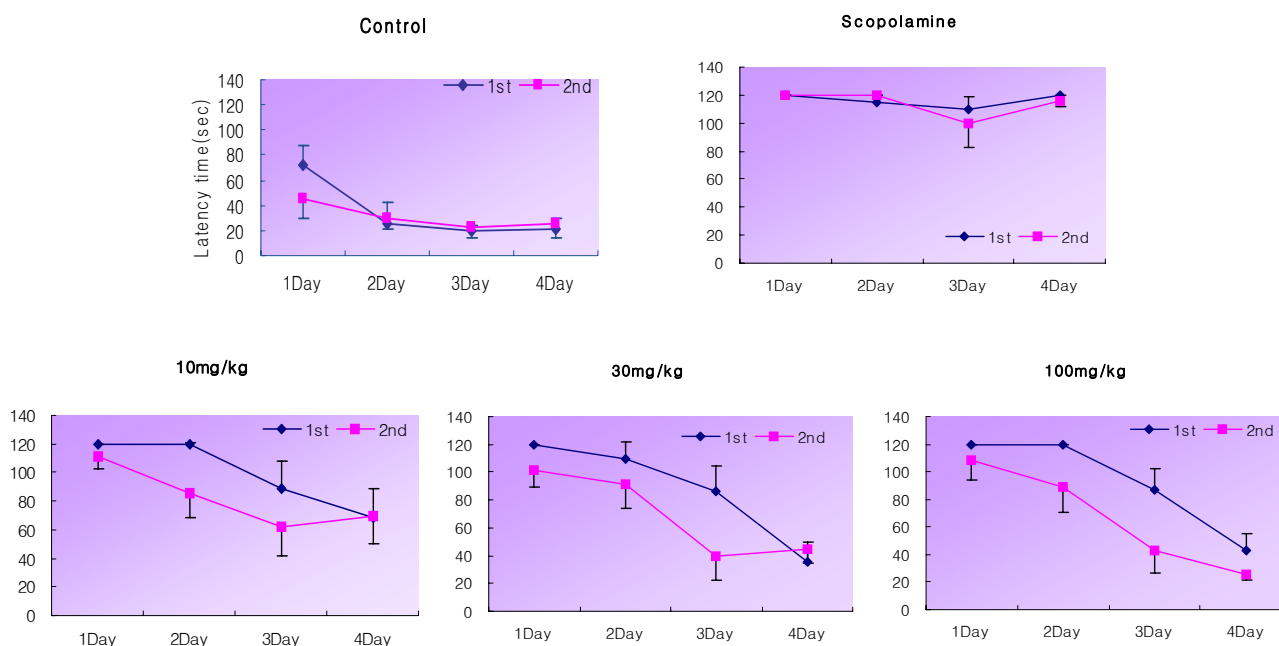
2001.08	Company established
2001.09	Technology transfer (Seoul National University)
2004.03	Venture Business confirmation (SMBA, Seoul)
2004.03	Research Institute (R&D Center) confirmation (Koita)
2005.05	KD501 development began
2005.05	Pre-clinical trials commence
2005.05	1 st term project of MOHW
2006.04	2 nd term project of MOHW
2006.06	In-license agreement with Kwang Dong Pharmaceutical Co., Ltd.
2007.03	IND application file
2007.04	3 rd term project of MOHW
2007.07	Phase II clinical trials approved (KFDA)
2007.08	Phase II clinical trials commence in Korea

Technology Overview

The Company obtained traditional herbal extract from *Scrophulariae Radix* and confirmed the *in vitro* neuroprotective effect and *in vivo* memory enhancing effect of the extract, and then identified the active ingredients of the extract. Elcom named the active ingredients KD501, which is a partially purified extract consisting of cinnamate derivatives. Elcom holds patent rights for KD501 and the pharmaceutical use thereof.

The positive effect of KD501 on the performance of scopolamine-treated mice in the working memory trial of the water maze test.

Figure 1: Results of Water Maze Test after Repeated Dose (15 days) of KD501



(Source: Company)

Publications

Table 1: Publications

No.	Journal	Title
1	Phytochemistry (2000) 54(5), 503-509	Neuroprotective phenylpropanoid esters of rhamnose isolated from roots of <i>Scrophularia buergeriana</i>
2	British Journal of Pharmacology (2002) 135, 1281-1291	E-p-Methoxycinnamic acid protects cultured neuronal cells against neurotoxicity induced by glutamate
3	Cognitive Brain Research (2003) 17(2), 454-461	Anti-amnesic activity of E-p-methoxycinnamic acid from <i>Scrophularia buergeriana</i>
4	Journal of Natural Products (2002) 65(11), 1696 - 1699	Four new neuroprotective iridoid glycosides from <i>Scrophularia buergeriana</i> roots
5	Journal of Neuroscience Research (2003) 74(6), 948 - 955	Iridoids from <i>Scrophularia buergeriana</i> attenuate glutamate-induced neurotoxicity in rat cortical cultures

(Source: Company)

Contact Point

KHIDI (Korea Health Industry Development Institute) is currently receiving inquiries from parties interested in this transaction. If you are interested, please contact any of the KHIDI professionals below:

Researcher	Young-Kyun Jung	jyktop@khidi.or.kr
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