



Biotech Daily

Friday April 3, 2009

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH UP; UNIVERSAL BIO UP 14%, PHOSPHAGENICS DOWN 12%**
- * **INCITIVE LICENCES PINEAPPLE STEM ANIMAL HEALTH TO PEPTECH**
- * **DR TONY MOORE TAKES 19.8% OF METABOLIC: 'ALL WILL BE REVEALED'**
- * **MANUFACTURING HALTS C-BIO TRIAL RECRUITMENT; \$1.5m RAISED**
- * **STARPHARMA REQUESTS 'EQUITY CAPITAL RAISING' TRADING HALT**
- * **EVADO PROVIDES CLINICAL TRIAL DESIGN STAFF WITH SOFTWARE**
- * **CEPHALON INCREASES TO 25% OF ARANA**

MARKET REPORT

The Australian stock market climbed 1.51 percent on Friday April 3, 2009 with the S&P ASX 200 up 55.4 points to 3,735.6 points.

Seventeen of the Biotech Daily Top 40 stocks were up, 11 fell, seven traded unchanged and five were untraded.

Universal Biosensors was best for the second day in a row, up nine cents or 13.64 percent to 75 cents with 71,792 shares traded, followed by Viralytics up 11.4 percent to 3.9 cents.

Cathrx climbed 8.6 percent; Clinuvel and Nanosonics were up more than seven percent; Antisense and Sunshine Heart rose more than six percent; Acrux and Pharmaxis were up more than five percent; Circadian climbed 4.35 percent; Peplin and Phylogica were up more than three percent; Impedimed rose 2.86 percent; Alchemia, Avexa, and Psivida were up more than one percent; with Heartware up 0.54 percent.

Phosphagenics led the falls, down two cents or 11.8 percent to 15 cents with 411,906 shares traded, followed by Bionomics down 8.7 percent to 21 cents.

Mesoblast lost 7.9 percent; Tissue Therapies was down 6.98 percent; Biota, CSL, Labtech and Polartechnics were down more than three percent; Prana and Progen shed more than two percent; Cochlear, Novogen and Resmed were down more than one percent; with Cellestis down 0.94 percent.

INCITIVE

Incitive's executive chairman Mel Bridges says the company has licenced its animal health assets to Peptech Animal Health for commercialization.

Mr Bridges said Incitive's focus was the development of human therapeutic applications for its range of compounds for treating anti-inflammatory, dermatological and cancer indication.

But he said there was "a significant untapped potential" to bring a range of animal health products to market in a shorter time frame.

"In this regards Peptech is an ideal partner," Mr Bridges said.

Mr Bridges told Biotech Daily that Incitive's animal health products were all derived from bromelain, an extract from pineapple stems, as were the Incitive compounds being studied for human health.

"That's exactly what bromelain is – a pipeline in a compound," Mr Bridges said.

According to the Incitive, website chief scientific officer Dr Tracey Mynott and her team at Imperial College, London, have shown that bromelain can activate specific immune cells, while simultaneously blocking the immune function of other cells and distinct components in bromelain have distinct biological effects.

"We categorically know that bromelain fractions prevent the onset of diarrhoea in piglets and if already contracted, it stops it," Mr Bridges said.

The Incitive media release said Peptech would be responsible for all research and development and commercialization costs in return for milestone payments to Incitive, coupled with an ongoing royalty stream over the life of the patents.

Mr Bridges said he was optimistic Peptech could have its first animal health product on the market and earning revenue within two years.

"This would be a great cash flow boost to Incitive", he said.

Peptech managing director Dr Paul Schober said that Peptech was under new ownership and had been building its revenues in both the large and companion animal markets worldwide.

"Accessing the Incitive pipeline of technologies will allow us to fast track our growth and global reach", Dr Schober said.

Dr Schober said the agreement would allow Peptech to develop a wide range of animal health products including the effective and safe treatment of diarrhoea in production animals without the use of antibiotics, as well as oral treatment of anti-inflammatory conditions such as arthritis, and skin diseases in companion animals such as dogs and cats.

"The drugs Incitive have in development have so far been shown to be very safe to both humans and animals", Dr Schober added.

"One of the major advantages we see is that the compound can be given orally thus bypassing the need for injections or intravenous administration," Dr Schober said.

"This will be a big benefit to pet owners and livestock producers alike", he said.

Peptech Animal Health was spun-out from Peptech before the company changed its name to Arana.

Mr Bridges is a former executive chairman of Peptech and is a major shareholder in Peptech Animal Health.

The Incitive media release said that during the negotiations, Incitive's independent directors, conducted all negotiations at arms length.

The media release said Incitive and Peptech used separate advisors and law firms.

Incitive was untraded at half a cent.

METABOLIC, POLYNOVO

Adelaide plastic surgeon Dr Tony Moore has acquired 19.81 percent of Metabolic and has plans to rearrange the relationship with 60 percent subsidiary Polynovo.

On March 31, 2009 Franklyn Brazil resigned as a director and Brazil Farming has ceased its substantial holding in Metabolic selling 45,492,701 shares (15.09%) for \$1,819,708.04 or four cents a share.

Last night after the market closed, Dr Moore said he had become a substantial shareholder in Metabolic with a holding of 59,713,219 shares or 19.81 percent of the company.

All shares were acquired at the same time at four cents a share.

Dr Moore said he acquired the shares from other shareholders associated with Mr Brazil. Mr Brazil's shareholding was believed to be among the shares used to prevent the December acquisition of Polynovo from Xceed Capital and Commonwealth Scientific and Industrial Research Organisation (BD: Nov 27, Dec 18, 2008), later approving the 60 percent controlling acquisition of Polynovo.

Polynovo chief executive officer Dr Ian Griffiths resigned unexpectedly in February (BD: Feb 6, 2009).

Dr Moore confirmed that he had a long standing relationship Polynovo.

Asked about his intentions Dr Moore said "all will be revealed" in the coming days.

Two associates named in the substantial shareholder notice are JDV as custodian for Entrust Investment and Entrust Funds Management.

Metabolic climbed 0.3 cents or 12 percent to 2.8 cents.

C-BIO

C-Bio says "impaired manufacturing capacity" has halted recruitment to its rheumatoid arthritis clinical trial, but does not affect existing patients.

C-Bio said that "as a result of impaired manufacturing capacity which directly affects drug supply for the clinical trial, C-Bio has been forced to temporarily suspend recruitment into the trial".

"These manufacturing production issues will not impact patients currently in the trial and benefiting from treatment with XToll," C-Bio said.

The company said it had 15 active sites in Australia and New Zealand, with 56 patients recruited to the study.

C-Bio said 33 patients had passed the week-12 primary efficacy endpoint as determined by the protocol, while 16 patients had reached week-24 and completed the study.

The company said the trial remained blinded, but "the emerging trend is an extremely positive indicator for the success of the study and the company remains confident in the potential of its XToll technology".

The company said a recent rights issue had raised \$1.5 million.

C-Bio is a Brisbane-based public unlisted company.

STARPHARMA

Starpharma has requested a trading halt pending an announcement "regarding an equity capital raising".

Trading will resume on April 7, 2009 or on an earlier announcement.

Starpharma last traded at 30 cents.

EVADO

Evado says it can provide clinical research staff to assist companies design trial methodology and data collection.

Evada's chief executive officer Jennie Anderson said that last year the company released its web-based clinical trials software for collecting data for trials ranging from the smallest study up to multiple global phase III trials.

Ms Anderson said the Evado system could run as a web application on either a personal computer or a tablet computer and the software can store the data from 20,000 trials.

"Evado can also host the entire data collection service in compliance with US Food and Drug Administration requirements, relieving companies from having to have expensive back-end computing systems," Ms Anderson said.

In a media release Ms Anderson said the managed service for medical research would help save time and money.

"Large and small biotechnology and healthcare innovators are under huge pressure to cut costs and reduce the time it takes to get new medical therapies approved," Ms Anderson said.

"Our new solution helps them speed up the process of collecting clinical trial data by eliminating paper-based collection and replacing it with a simple web-based solution," she said.

"It's just like using an online banking account. The forms are simple and the data is secure," Ms Anderson said.

"Our new solution gives all research organisations a simple TGA, FDA and ICH compliant solution to the design and creation of forms, trial configuration and server management for the duration of a clinical trial," Ms Anderson said.

For more information go to: www.evado.com.au.

Evado is a private company.

ARANA

Cephalon International Holdings increased its substantial shareholding in Arana from 52,214,573 shares (22.94%) to 56,535,626 shares (24.83%) on April 1, 2009.

The change was through an increase in takeover acceptances (BD: Feb 27, Mar 2, 2009).

Arana was unchanged at \$1.37.