



Biotech Daily

Monday August 18, 2008

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECHS FLAT: NOVOGEN UP 13%, OPTISCAN DOWN 13.5%**
- * **DR IAN NISBET REFORMS XENOME FOR 2009 IPO**
- * **BIO-GUIDE BRIEF: ACRUX**
- * **PHARMAXIS PHASE III CYSTIC FIBROSIS TRIAL RECRUITED**
- * **PEPLIN REQUESTS 'CAPITAL RAISING, MANAGEMENT' TRADING HALT**

MARKET REPORT

The Australian stock market edged up 0.1 percent on Monday August 18, 2008 with the All Ordinaries up 4.6 points to 5,043.5 points.

Eight of the Biotech Daily Top 40 stocks were up, 11 fell, 11 traded unchanged and 10 were untraded.

Novogen was best, up 18.5 cents or 13.36 percent to \$1.57, followed by Circadian up 10.59 percent to 94 cents.

Arana climbed 4.76 percent; Acrux was up 3.75 percent; Prana and Ventracor rose more than two percent; with Cellestis and Universal Biosensors up more than one percent.

Optiscan led the falls, down 3.5 cents or 13.46 percent to 22.5 cents on modest volumes.

Biota lost 5.56 percent; Chemgenex and Clinuvel fell more than four percent; Heartware and Psivida were down more than three percent; with Antisense, CSL, Mesoblast, Pharmaxis, Phylogica and Progen down more than one percent.

XENOME

Xenome's chief executive officer of eight months Dr Ian Nisbet is preparing the ground for an initial public offer, probably in 2009.

Dr Nisbet, 54, has been set the task of reviewing and renewing Xenome and told Biotech Daily that he expected this year's annual report to be significantly different from last year. The board has changed entirely and there have been significant changes of management and staff at the public unlisted, Brisbane-based company.

QBF is a major shareholder and its acting chief executive officer and Peplin director Dr Cherrell Hirst is a board member as is GBS Venture Partners' Dr Andrew Baker.

Pharmaxis chief executive officer Dr Alan Robertson is a member of the scientific advisory board.

Results of a phase II trial of Xenome's lead conopeptide compound Xen2174 for cancer pain are expected to be released this week with the same compound being trialed for post-operative and chronic pain.

Dr Nisbet said Xenome had a library of 2,000 conopeptides and would focus on their use in pain and inflammatory indications, while partnering compounds for metabolic and other diseases.

Dr Nisbet said the company had venom-based compounds at early preclinical and phase II stages and was interested in licencing-in compounds for pain and inflammation at later stage preclinical development.

"We have a massive library but still need compounds to fill the gap between preclinical and phase II," Dr Nisbet said.

He says the company intends to develop compounds within its own areas of pain and inflammation and find partners for indications outside those central areas.

QBF owns 72 percent of Xenome, GBS Venture Partners holds a \$US6 million convertible note that translates to a substantial holding, with the San Diego-based partner Amylin holding a further 15 percent. CSL, the University of Utah and the company's four founders hold small parcels of shares.

Dr Nisbet said QBF had allowed itself to be diluted to bring in other investors, but along with GBS and Amylin had committed to supporting an initial public offering next year.

"We're not focused on listing because of the market [and] we need to get a few more pieces of the puzzle, yet," he said. "We would want to list in 2009."

Dr Nisbet was not able to disclose the company's financial position but said \$US10 million was raised last year and GBS had proved \$US6 million this year.

Dr Nisbet said the company had been around for nine years without significant advancement. The phase II trial cancer pain trial began in 2005. He said investors either had a negative view of the old Xenome or had no knowledge whatsoever.

"One objective is to get the Xenome story out and about to potential investors. I want them to have heard about Xenome. It really is an effort to get a story out there for when we do IPO," he said.

Dr Nisbet appears to be the right choice for the job. His University of Melbourne degree was followed by a 1986 Monash University doctorate of philosophy on cloning interferon genes.

After working as a research assistant with Prof Fred Hollows he joined CSL in 1979 rising to director of planning and coordination of research and development before departing for the Cambridge Massachusetts Millennium Pharmaceuticals in 1997.

At Millennium he was project leader for Velcade for multiple myeloma which was partnered with Johnson & Johnson.

In 2004 he came home to Melbourne to run Meditech taking it to its merger with Alchemia in 2006 and since then has worked for Chemgenex, joining Xenome early this year.

[MARC SINATRA'S BIO-GUIDE: ACRUX](#)

Well you give a company a rap when they expand their relationship with a significant partner (BD; August 12, 2008), only to find that a few days later (BD; August 15, 2008) another significant partner is heading for the hills.

What sort of half-wit would try to analyze stocks like these? This one would, so I will try to make sense of last Friday's Acrux announcement that Organon has decided not to proceed with two early stage collaborations in the women's health area begun last year. The announcement is negative no matter how you look at it, but the degree is debatable. Acrux said Schering-Plough bought Organon after the deal and the projects were canceled after a review and reprioritization of its research and development. How negative you view this announcement is largely dependent upon how you interpret that line. Did Acrux's technology just not fit Schering-Plough's direction and needs, or did they simply think the technology wasn't worth commercializing?

When you examine Organon and Schering-Plough, Organon looks the entity with the best understanding of women's health and the better to pick winning technologies in that area. I doubt Schering-Plough would have overruled Organon on technological grounds, but rather more likely on company direction and needs. So, I would only discount Acrux's shares by one to three percent based on this news.

Acrux climbed 4.5 cents or 3.75 percent to \$1.245.

Marc Sinatra owns shares in Acrux.

[PHARMAXIS](#)

Pharmaxis says it has completed recruitment in the first of two pivotal phase III clinical trials of Bronchitol for cystic fibrosis.

Pharmaxis said it commenced its dosing phase in April 2007, reached its initial recruitment target of 250 subjects in June 2008 and closed today with 325 subjects enrolled.

Recruitment was extended to cater for a lower number of patients than anticipated entering the study on the drug Pulmozyne, a recombinant human enzyme that breaks down DNA.

Pharmaxis chief executive officer Dr Alan Robertson told Biotech Daily the company had expected 60 percent of patients to be on the drug, but the ratio was more like 50 percent. Pharmaxis said in a release to the ASX that the first efficacy data from the trial would be available by July 2009.

The trial is a double blind, comparator controlled, randomized study comparing 400 mg of Bronchitol twice a day to control.

The trial includes a 26-week efficacy and safety component, followed by a 26-week open-label Bronchitol safety extension.

The primary efficacy end-point is change from baseline in forced expiratory volume in one second (FEV1) after 26 weeks.

Dr Robertson told Biotech Daily the second trial was about to dose its first patient of 250 patients. He said the second trial would take about 12 months to be completed with data available six months later.

Pharmaxis has orphan drug designation and fast track status from the US Food and Drug Administration and the European Medicines Agency for Bronchitol in cystic fibrosis.

The company said Bronchitol was designed to hydrate the airway surface of the lungs, improve lung hygiene and promote normal lung clearance.

About 75,000 people in the major pharmaceutical markets are affected with cystic fibrosis and no products have been approved to improve lung hydration.

Pharmaxis fell 2.5 cents or 1.34 percent to \$1.835.

PEPLIN

Peplin has requested a trading halt pending an announcement regarding “a potential capital raising and executive management appointments”.

Trading will resume on August 20, 2008 or on an earlier announcement.

Peplin last traded at 41.5 cents.