



Biotech Daily

Tuesday July 8, 2008

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECHS DOWN: CLINUVEL UP 5%, LABTECH DOWN 17%**
- * **GIACONDA HALTS PHASE IIa TRIAL**
- * **GLAXOSMITHKLINE OFFERS \$15k GRADUATE RESEARCH GRANTS**
- * **NUSEP SHARE PLAN, PLACEMENT RAISE \$1.75m**
- * **SELECT VACCINES AVIAN INFLUENZA DRUG EFFECTIVE IN MICE**
- * **IDT TRADING HALT DIRECTOR SHARES RELATED**
- * **ANZ DOWN TO 14% OF SOLAGRAN, BUT BUYERS SILENT**
- * **WILSON HTM SHEDS 1% OF NANOSONICS**
- * **PORTLAND RIGHTS ISSUE RECEIVES \$1.7m COMMITMENTS**
- * **XCEED REQUESTS INVESTMENT TRADING HALT**
- * **PHOSPHAGENICS APPOINTS MICHAEL ASHTON DIRECTOR**
- * **CLINUVEL APPOINTS JACK WOOD DIRECTOR**

MARKET REPORT

The Australian stock market fell a further 1.4 percent on Tuesday July 8, 2008 with the All Ordinaries down 69.3 points to 5,022.4 points. Twelve of the Biotech Daily Top 40 stocks were up, 16 fell, seven traded unchanged and five were untraded.

Clinuvel was best, up 1.5 cents or 5.0 percent to 31.5 cents on modest volumes. Acrux, Living Cell and Viralytics climbed more than four percent; Prana, Impedimed, Sirtex and Universal Biosensors rose more than two percent; with Avexa, Biota and Heartware up more than one percent.

Labtech led the falls, down 3.5 cents or 16.67 percent to 17.5 cents on modest volumes, followed by Novogen down 10 cents or 8.7 percent to \$1.05. Benitec, Genetic Technologies and Polartech lost more than seven percent; Antisense and Arana were down more than six percent; Cathrx, Phosphagenics and Ventracor fell more than four percent; Cellestis, Peplin and Progen were down more than three percent; Agenix and CSL shed more than two percent; with Mesoblast down 1.1 percent.

GIACONDA

Giaconda has suspended its phase IIa trial of Hepaconda for the treatment of hepatitis C in people with genotype 1 infection that does not respond to current therapy.

The company said two key indicators of the disease were not affected by the treatment.

“While significant improvement was demonstrated in liver function among participants in the study, total normalization was not achieved and further formulation is warranted before continuing the study,” Giaconda said.

The company said Hepaconda’s effectiveness was measured through viral load (the amount of hepatitis C virus in the patient’s bloodstream and three markers of liver damage, called alanine aminotransferase (ALT), aspartate transaminase (AST) and gamma-glutamyl transpeptidase (GGT).

All were expected to be reduced if Hepaconda was effective.

While GGT showed an immediate and lasting return to the normal range and AST came back close to normal, there was minimal effect on viral load and ALT.

Importantly for the planned dose ranging study, no adverse effects were reported at the dose used in this study.

Giaconda said the next step in Hepaconda’s development would be to carry out a dose ranging trial to ascertain an optimum dose.

This study will be carried out once Giaconda has secured further funding.

Giaconda chief executive officer Patrick McLean said the company was “very encouraged by the observed improvement in liver function that Hepaconda has produced and intend to take advantage of this data to improve our formulation”.

“The results, especially among this group of patients who have exhausted all of their options, give us confidence in the future of Hepaconda and may open the door to an even better understanding of the application of the therapy,” Mr McLean said.

Giaconda was unchanged at 30 cents.

GLAXOSMITHKLINE

Glaxosmithkline Australia is offering grants of up to \$15,000 a year for two years to Doctorate of Philosophy and post-doctorate students.

Glaxosmithkline said it invested up to \$35 million each year in Australian research and development, making it one Australia’s top 15 research and development companies.

The company said the awards would provide additional financial support to research students who are currently in receipt of a research grant from a non-commercial body.

Glaxosmithkline said there were several grants available but the total number had not been finalized.

Further information and application forms are at www.gsk.com.au/research and the closing date for applications is July 25, 2008.

NUSEP

Nusep says it has raised \$1.75 million through its share purchase plan and an associated placement.

Nusep said more than \$900,000 was raised from the share plan which closed on June 23, 2008.

The balance of \$850,000 was raised through a placement “to a number of sophisticated investors and DFS Equities”.

Nusep was unchanged at 12.5 cents.

[SELECT VACCINES](#)

Select Vaccines says its Anavax H5 avian influenza vaccine candidate has demonstrated positive results in a preclinical study.

Select Vaccines said Anavax H5 “successfully produced an immune response in mice when administered in combination with a traditional aluminium adjuvant”.

The company said the findings would be presented at conferences this month and the results would comprise “an important part of the company’s data package for negotiations with potential partners in the influenza vaccine space”.

Select Vaccines said the results were achieved using vaccine material from the proof-of-concept manufacturing study recently completed with Artes Biotechnology GmbH and confirmed that the virus-like particle material produced using the Artes yeast system can stimulate an immune response.

The vaccine candidate, created using Select Vaccines’ Anavax technology, was based on the A/Vietnam/3028/2004 strain of avian influenza.

It was administered at a low dose (five micrograms) in combination with an aluminium oxide adjuvant.

In seven of eight mice, two doses were sufficient to produce an immune response with antibodies to the H5 avian influenza protein elevated.

A lower proportion of animals responded when the vaccine candidate was administered without adjuvant (five of eight mice after three doses), while responses were seen in all positive control groups (given one microgram of purified H5 protein) whether or not an adjuvant was used.

Select Vaccines said chief scientific officer Prof David Anderson would present the study results at a conference of the Australian Society for Microbiology today.

Later this month, the company’s operations manager Dr Fan Li will present the findings at a vaccines conference in Maryland.

Prof Anderson said the company was “delighted to have achieved this result”.

“The combination of low-dose effectiveness with a fully scalable yeast-based manufacturing system gives our H5 influenza vaccine candidate potentially significant commercial advantages in terms of cost and scale,” Prof Anderson said.

“This is especially relevant when you consider the enormous size of the influenza vaccine market and the fact we believe that even better results are possible with further development, the current H5 VLP is not fully optimized,” Prof Anderson said

Select Vaccines chief executive officer Dr Martin Soust said the results were on schedule, as promised when we first produced this vaccine candidate, late last year.

“This preclinical study is not only a technical success, but it validates our choice of a yeast-based manufacturing system,” Dr Soust said.

“The company is actively seeking a partner with which it can work together to further develop its Anavax influenza vaccines,” Dr Soust said. “We believe these results contain sufficient interest to warrant co-development of this vaccine candidate,” he said.

Select Vaccines was untraded at 1.2 cents.

[IDT AUSTRALIA](#)

The Institute of Drug Technology yesterday requested a trading halt pending an announcement.

Today, IDT said the announcement was “to clarify the status of securities held by entities associated with a director of the company”.

Trading will resume on July 9, 2008 or on an earlier announcement.

IDT last traded at \$1.85.

SOLAGRAN

The ANZ Bank has further reduced its substantial shareholding in Solagran acquired from the Opes Prime Stockbroking collapse.

The ANZ held 54,014,958 ordinary Solagran shares (27.368%) prior to June 20, 2008 which reduced to 37,795,150 shares (19.15%) on June 27, 2008 and to 37,362,694 shares (18.11%) on July 2, 2008.

Today the ANZ said the number of shares had been further reduced to 29,685,246 shares (14.38%) on July 3, 2008.

On June 20 the ANZ said it had disposed of all the 9,803,258 contributing or partly paid shares acquired from the Opes Prime Stockbroking collapse.

There has been only one change in directors interest notice to the market in the time that the 24,329,712 shares or 12.988 percent of the company were sold by the ANZ and that was on June 24, 2008.

There have been no "becoming substantial" or "increasing substantial" notices to the ASX. That notice disclosed that chairman Dr Vagif Soultanov acquired 1,350,000 ordinary shares through the exercise of 20 cents options; company secretary Peter Stedwell indirectly acquired 980,000 ordinary shares partly through the exercise of options and the acquisition of 300,000 shares off-market at 32 cents a share; and director Denis Kilroy acquired 30,000 ordinary shares through the exercise of 20 cent options and a further 110,000 shares through the exercise of 20 cent options.

Solagran was unchanged at 30 cents.

NANOSONICS

Wilson HTM and associates have reduced their substantial holding in Nanosonics from 8,367,681 shares (8.14%) to 7,186,681 shares (6.99%).

Nanosonics was unchanged at 20 cents.

PORTLAND ORTHOPAEDICS

Portland Orthopaedics has irrevocable commitments for its one-for-one rights issue from three major shareholders, the chairman and senior management.

Portland said GBS Venture Partners through GBS BioVentures II and Equity Partners Two were two of its largest shareholders and had given commitments to the right issue, along with chairman John Lee, chief executive officer John Brassil, chief technology officer, director, founder and fourth largest shareholder Ron Sekel and chief financial officer, James Wynn.

The combined commitments amount to \$1.72 million.

GBS have agreed to participate by way of an underwriting to the value of their commitment.

"The commitments provided by GBS and EP2 clearly demonstrate their ongoing support for Portland and endorsement of the Company's strategy and future," Mr Brassil said.

"The company remains committed to reaching profitability and positive monthly cash flow as soon as possible and the funds raised will be used prudently to support the growth of sales in the US and Australia."

The rights issue record date was July 3, 2008 with shares to be issued at 2.5 cents a share.

Portland Orthopaedics was unchanged at 2.1 cents.

XCEED CAPITAL

Xceed Capital has requested a trading halt pending an announcement regarding “a possible further investment in a subsidiary company”.

Xceed’s subsidiaries include Commonwealth Scientific and Industrial Research Organisation spin-offs Polynovo (64%) and Boron Molecular (100%).

Trading will resume on July 10, 2008 or on an earlier announcement.

Xceed last traded at 5.6 cents.

PHOSPHAGENICS

Phosphagenics has appointed Michael Ashton as a non-executive director.

Mr Ashton will also consult on Phosphagenics’ commercialization strategies.

Phosphagenics said Mr Ashton had more than 30 years’ experience in the pharmaceutical industry having held senior management positions with Merck, Pfizer, Faulding and was chief executive officer of Skyepharma Plc.

He is a director of Hikma Plc, Proximagen Neuroscience Plc and Transition Therapeutics Inc.

Phosphagenics’ chief executive officer Harry Rosen said the appointment “considerably strengthens our commercial team”.

Phosphagenics fell 0.4 cents or 4.17 percent to 9.2 cents.

CLINUVEL

Clinuvel has appointed Jack Wood as a non-executive director.

Clinuvel said Mr Wood had “an extensive professional background in pharmaceuticals and biotechnology”.

Mr Wood is non-executive chairman of Canada’s Engene Inc, is on the board of QLT Inc and was an executive with CSL from 1992 to 2000.

Clinuvel climbed 1.5 cents or five percent to 33.5 cents.