



Biotech Daily

Wednesday July 8, 2009

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH EVEN: LABTECH UP 43%, PHOSPHAGENICS DOWN 8%**
- * **NOVOGEN'S PHENOXODIOL 'KILLS RAPIDLY PROLIFERATING T-CELLS'**
- * **LIVING CELL'S PIG BRAIN CELLS 'HELP PREVENT HEARING LOSS'**
- * **MONASH UNIVERSITY 'PROVES' OBESITY, TYPE 2 DIABETES LINK**
- * **SIRTEX CLAIMS PROFIT BEFORE TAX UP 640%; REVENUE UP 72%**
- * **SOUTH AFRICAN PATENT FOR BIOMD TISSUE PATCH**
- * **KARMELSONIX SIGNS \$US1.4m SOUTH KOREA DEAL**
- * **FLUOROTECHNICS CUTS REVENUE FORECAST BY 20%**
- * **SECURITIES & INVESTMENT GROUP SELLS DOWN TO 5% OF STIRLING**
- * **PRIMA APPOINTS PFIZER'S GINNY RAYMOND US PROJECT MANAGER**
- * **DIA-B SHRINKS SHARES AHEAD OF PALLANE LISTING**

MARKET REPORT

The Australian stock market edged up 0.03 percent on Wednesday July 8, 2009 with the S&P ASX 200 up one point to 3,767.9 points. Twelve of the Biotech Daily Top 40 stocks were up, 13 fell, six traded unchanged and nine were untraded.

Labtech was best, up six cents or 42.9 percent to 20 cents with 147,053 shares traded, followed by Novogen up seven cents or 12.7 percent to 62 cents.

Antisense climbed 7.1 percent; Viralytics was up 6.1 percent; Sirtex was up 4.9 percent; Prana and Starpharma were up more than three percent; Bionomics, Optiscan, Psivida and Resmed rose more than two percent; with Biota up 1.2 percent.

Phosphagenics led the falls, down one cent or 8.3 percent to 11 cents with 78,850 shares traded followed by Acrux down six cents or 5.3 percent to \$1.07.

Avexa, Chemgenex, Genera and Genetic Technologies fell four percent or more; Peplin and Tissue Therapies were down more than three percent; Cochlear and Nanosonics shed more than two percent; with Circadian and Pharmaxis down more than one percent.

NOVOGEN

Novogen says New Zealand research has found that abnormally proliferating human T-cells undergo programmed cell death when exposed briefly to its phenoxodiol.

Novogen said that research conducted at Wellington's Malaghan Institute of Medical Research demonstrated that its investigational anti-tumor drug phenoxodiol caused programmed cell death to rapidly dividing cancer cells such as primary myeloid and lymphoid leukemic blast cells, but did not affect normal resting T-cells.

Melbourne's Peter MacCallum Cancer Clinic was also involved in the research.

In an article entitled 'The anti-cancer drug, phenoxodiol, kills primary myeloid and lymphoid leukemic blasts and rapidly proliferating T cells' the authors said "the ability of phenoxodiol to kill rapidly proliferating lymphocytes makes this drug a promising candidate for the treatment of pathologically-activated lymphocytes such as those in acute lymphoid leukemia, or diseases driven by T-cell proliferation such as autoimmune diseases and graft-versus-host disease".

The article was published in the Haematologica Journal of July 16, 2009 and is available at <http://www.haematologica.org/cgi/reprint/94/7/928>.

Novogen said the research demonstrated that phenoxodiol inhibited plasma membrane electron transport and cell proliferation and promoted apoptosis of rapidly proliferating human T-cells, induced to undergo rapid proliferation by exposure to cells from an incompatible donor, but did not affect normal resting T-cells.

Research director for Novogen and its 70 percent subsidiary Marshall Edwards, Prof Alan Husband said the findings indicated that phenoxodiol "may have utility against autoimmune diseases, such as rheumatoid arthritis and psoriasis, as well as having potential in management of graft rejection in transplantation patients".

Novogen was up seven cents or 12.7 percent to 62 cents.

LIVING CELL TECHNOLOGIES, BIONIC EAR INSTITUTE

Living Cell says studies done with Melbourne's Bionic Ear Institute show its encapsulated choroid plexus cells protect nerve cells in the inner ear from degeneration.

The Institute's director Prof Rob Shepherd said the results had "important implications for strategies to improve the treatment of hearing loss" with a combination of a cochlear implant and encapsulated choroid plexus cells.

A Living Cell media release said cochlear implants were surgically implanted into the inner ear to stimulate the remaining auditory nerve.

The company said that in the deaf inner ear the auditory nerve cells undergo continuous degeneration, but the loss of nerve cells might be prevented by neurotrophins which were growth and support factors for brain and nerve cells.

The company said the Bionic Ear Institute research showed that the neurotrophin-producing encapsulated choroid plexus cells, which Living Cell has named Neurotrophincell, together with intra-cochlear electrical stimulation, protected auditory nerve cells from degeneration in guinea pig and cat models of hearing loss.

Living Cell said its Neurotrophincell implants were porcine choroid plexus cells of the brain that were encapsulated in a gel and when implanted did not require the use of immunosuppressive drugs.

Living Cell said the Neurotrophincell produced "many different brain reparative growth and support factors known as neurotrophins" and in this study Neurotrophincell capsules were successfully implanted into the inner ear of guinea pigs and cats.

Living Cell was unchanged at 18 cents.

MONASH UNIVERSITY

Monash University medical researchers say they have “proven a critical link between obesity and the onset of type 2 diabetes” through pigment epithelium-derived factor.

A Monash University media release said the discovery by a team led by Prof Matthew Watt that fat cells released a protein called pigment epithelium-derived factor (PEDF), which triggered a chain of events and interactions that led to type 2 diabetes.

The media release said the discovery could lead to further diabetes drug development.

“When PEDF is released into the bloodstream, it causes the muscle and liver to become desensitized to insulin,” Prof Watt said. “The pancreas then produces more insulin to counteract these negative effects.”

“This insulin release causes the pancreas to become overworked, eventually slowing or stopping insulin release from the pancreas, leading to type 2 diabetes,” Prof Watt said.

“It appears that the more fat tissue a person has the less sensitive they become to insulin.

“Therefore a greater amount of insulin is required to maintain the body’s regulation of blood-glucose,” he said.

“Our research was able to show that increasing PEDF not only causes type 2 diabetes-like complications, but that blocking PEDF reverses these effects,” Prof Watt said.

“The body again returned to being insulin-sensitive and therefore did not need excess insulin to remain regulated,” he said.

Prof Watt said identifying the link was a significant breakthrough in explaining the reasons why obesity triggered the onset of type 2 diabetes.

“Until now scientists knew there was a very clear pattern and had strong suspicions that a link existed between the two conditions, but our understanding of the chain of events that are caused by the release of PEDF shows a causal link,” Prof Watt said.

“Researchers can now move forward knowing this link exists and we can begin to design new drugs to improve the treatment of type 2 diabetes,” Prof Watt said.

The research paper entitled ‘Pigment Epithelium-Derived Factor Contributes to Insulin Resistance in Obesity’ was published in Cell Metabolism on July 7, 2009 and is available at [http://www.cell.com/cell-metabolism/issue?pii=S1550-4131\(09\)X0007-0](http://www.cell.com/cell-metabolism/issue?pii=S1550-4131(09)X0007-0).

SIRTEX MEDICAL

Sirtex Medical says guidance for the year to June 30, 2009 indicates revenue up 72 percent to \$65.6 million compared to the previous year’s \$38.125 million.

Sirtex said the major factors were a 42 percent increase in the number of SIR-Spheres doses sold financial year and the depreciation of the Australian dollar.

Sirtex said the depreciation of the Australian dollar against both the US dollar and the Euro resulted in an estimated foreign exchange gain of \$6.0 million.

Excluding the gain, Sirtex said profit before tax was more than \$16,000,000, a 640 percent improvement over the previous financial year.

Sirtex climbed 17 cents or 4.9 percent to \$3.66.

BIOMD

Biomd says the South Africa Patent Office has granted a patent for its Adapt tissue engineering technology platform.

Biomd managing director Michael Bennett said it was the “first international patent granted under the [Patent Cooperation Treaty] international application”.

Mr Bennett said the same application included the European Union, Japan, Canada, India, Singapore and Israel. He said a separate application has been filed for the US.

Biomd fell 0.6 cents or 14.6 percent to 3.5 cents.

KARMELSONIX

Karmelsonix says it has signed "a long-term territorial distribution agreement" with South Korea's Medi-Point.

Karmelsonix said the agreement provided Medi-Point distribution rights for South Korea for its products including the Pulmotrack, the Wheezometer and the Wholter.

The company said Medi-Point was obliged to purchase a minimum of 280 Pulmotrack units which it said represented "more than \$US1.4 million over the next three years".

Karmelsonix said Medi-Point would buy Wheezometers, Wholter units, consumables including sensors and belts and disposables including acoustic adhesive pads.

The company said the second consignment of 10 Pulmotrack units and accessories was shipped to Seoul in the last week of June.

Karmelsonix was up 0.3 cents or 7.1 percent to 4.5 cents.

FLUOROTECHNICS

Fluorotechnics says revenue for the 2008-'09 financial year is expected to be about \$3.2 million compared to previous guidance of about \$4 million.

Fluorotechnics said the shortfall was partly due to unfavorable foreign exchange rate movements and that full product marketing for some gel products was delayed, while quality control process were improved.

The company said it was "confident in the potential market size and selling propositions" of its products but "some customer expenditures have been curtailed during the global economic slow down.

Fluorotechnics said the previous guidance for 2009-'10 revenues of \$18 million, had been revised down to \$10-12 million.

Fluorotechnics fell four cents or 8.7 percent to 42 cents.

STIRLING PRODUCTS

The Securities and Investment Group has reduced its substantial shareholder in Stirling from 87,500,000 shares (18.68%) to 28,535,088 shares (5.31%).

The Melbourne based Securities & Investments is a division of mortgage and financial consultants State Securities and acquired the shares in Stirling through a \$350,000 convertible note, valuing the share acquisition at 0.4 cents each.

Stirling was up 0.1 cents or 6.67 percent to 1.6 cents with 10.6 million shares traded.

PRIMA BIOMED

Prima has appointed former Pfizer executive Ginny Raymond as the project manager for its US operations.

Prima said Ms Raymond had more than 20 years experience in clinical drug development with Pfizer and was a director of one of its divisions.

The company said Ms Raymond was involved in the clinical development of more than 30 different generic compounds and clinical research.

Prima said she would be responsible for managing the US operations, with a specific focus on overseeing the successful passage of the investigational new drug application with the US Food and Drug Administration for the CVac ovarian cancer therapy vaccine treatment.

Ms Raymond will be responsible for managing the CVac pivotal US clinical trial.

Prima fell 0.1 cents or 1.85 percent to 5.3 cents.

[DIA-B TECH](#)

Dia-B's 20-for-one share consolidation has been completed ahead of the backdoor listing of Pallane through the company (BD: May 29; Jun 22, 2009).

Dia-B's 166,967,502 shares prior to the consolidation have been reduced to 8,348,973 shares.

Following the consolidation, the company has 4,369,433 options exercisable at \$4.00 each by December 31, 2010; 12,500 options exercisable at 60 cents by the same date and 50,000 exercisable at \$1.40 by January 29, 2013.

Pallane's takeover offer is expected to close on July 27, 2008 followed by a name and code change on July 31, 2009.

Dia-B is in a voluntary suspension.