



Biotech Daily

Wednesday November 19, 2008

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECHS DOWN: SUNSHINE UP 25%, PHOSPHAGENICS DOWN 12%**
- * **DR MERVYN JACOBSON REDIRECTS GENETIC TECHNOLOGIES**
- * **CATHRX STARTS AUSTRALIAN REGULATORY TRIAL**
- * **PRECLINICAL DATA BACKS NEURODISCOVERY PAIN DRUG**
- * **US PATENT FOR ANTISENSE'S ATL1101 FOR CANCERS**
- * **JAPAN APPROVES ACRUX 'CORE PATENT'**
- * **GOODBYE PROTEOME, HELLO TYRIAN**
- * **INNOVATION MINISTER OPENS ARANA'S NEW MELBOURNE FACILITY**

MARKET REPORT

The Australian stock market fell again, down 0.9 percent on Wednesday November 19, 2008 with the All Ordinaries down 29.9 points to 3,483.2 points.

Five of the Biotech Daily Top 40 stocks were up, 22 fell, seven traded unchanged and six were untraded.

Sunshine Heart was best, up 1.3 cents or 25.0 percent to 6.5 cents with 200 shares traded, followed by Acrux up 6.67 percent to 56 cents. Arana and Living Cell climbed more than three percent; Resmed and Ventracor were up more than two percent; with CSL up 0.69 percent.

Phosphagenics led the falls, down 0.9 cents or 12.0 percent to 6.6 cents with 186,760 shares traded, followed by Genetic Technologies down 10.71 percent to five cents.

Biota, Chemgenex and Pharmaxis lost more than seven percent; Benitec and Polartechnics were both down 6.67 percent; Prana fell 5.26 percent; Avexa, Heartware and Viralytics fell more than four percent; Alchemia, Cochlear, Mesoblast and Psivida were down more than three percent; Clinuvel, Cytopia and Progen shed two percent or more; with Bionomics, Optiscan, Sirtex and Universal Biosensors down more than one percent.

GENETIC TECHNOLOGIES

Genetic Technologies cofounder and largest shareholder Dr Mervyn Jacobson has taken control of his company sweeping out the board at today's annual general meeting.

The key resolution to remove five directors, chairman Henry Bosch, managing director and chief executive officer Michael Ohanessian, former federal treasurer John Dawkins, David Carruthers and Monash University deputy chancellor Dr Leanne Rowe was passed by 194,595,828 votes (88%) to 24,721,283 votes.

Dr Jacobson and his fellow co-founder and director Fred Bart were left in control of the company and immediately after held a board meeting to appoint a third director as required under the Corporations Act and the company's constitution.

Dr Jacobson told Biotech Daily that Aeris Environmental chief executive officer Huw Jones had been appointed to the board along with accountant Sid Hack.

Dr Jacobson said the board met after the annual general meeting and had taken several decisions.

"There are some decisions of the old board that will be reviewed," Dr Jacobson said.

He nominated a review of the BRCA patents relating to the genetic testing for breast and ovarian cancer as one of the first decisions of the new board.

"We have initiated a review today," Dr Jacobson said. He said he expected the review to take "a week or so".

The enforcement of those patents by the company caused some concern led by the Cancer Council of Australia over changes to government laboratory testing and costs (see Biotech Daily October 23, 2008).

"There are lots of opportunities," Dr Jacobson said, "Special areas of genetic testing, collaborations and new research areas."

Asked if he would privatize the company, Dr Jacobson said that was "not on the radar".

"The shares are cheap and I've been buying and reporting it," he said.

The board has begun the process of looking for an interim or acting chief executive officer with interviews beginning today and then would conduct a search for a permanent chief executive officer.

Dr Jacobson has been reappointed to his former role of running the company's licencing program.

The outgoing board has no further role at Genetic Technologies, although Mr Bosch and Mr Carruthers retain modest shareholdings and Mr Ohanessian holds 70,000 shares and 3,650,602 options.

Allowing for the 40 percent of shareholders who did not vote, Dr Jacobson's resolution to replace the board, apart from Mr Bart, was won with 51.9 percent of the total available vote.

Dr Jacobson said that even if he did not vote, shareholders who supported his view of the company would have succeeded in winning the resolutions to oust the five directors.

Mr Bart was reelected with 211,209,074 votes in favor and 2,858,572 against.

The reelection of Mr Bosch and Dr Rowe were opposed by more than 194 million votes, with more than 25 million votes in favor.

The remuneration report and establishment of an employee option plan were won with more than 97 percent of the votes cast.

One observer at the meeting told Biotech Daily there were "some tense moments" as the discussion and voting unfolded.

Observers said that staff from the Australian Securities and Investments Commission were at the meeting and that at one stage Dr Jacobson was asked by an investor whether he would use his holding to "ramp" the share price.

Genetic Technologies fell 0.6 cents or 10.71 percent to five cents.

CATHRX

Cathrx has begun a 60-patient clinical trial at Sydney's Westmead Hospital for Australian Therapeutic Goods Administration approval of its diagnostic catheters.

Cathrx said Westmead Hospital was one of Australia's largest teaching hospitals and a preeminent cardiology centre. The principal investigator is Dr Stuart Thomas.

Cathrx chief executive officer Neil Anderson said the Australian clinical trial would provide specific Australian clinical performance data in addition to that which it is gaining from sales in Europe.

"The catheters already have Conformité Européenne (CE) marking approval for use in Europe but this trial will also allow the feedback from local clinical specialists," Mr Anderson said.

The primary end-point for the Australian approval trial is a confirmation of diagnosis capability.

The protocol calls for the use of Cathrx's catheter in 30 patients, compared with 30 control patients, undergoing electrophysiology or ablation procedures that require the use of diagnostic catheters. The data gathered will complement the submissions of a quality system audit and design dossier.

Cathrx said the process was similar to the CE marking approval process for Europe.

Cardiac catheters are minimally invasive tools widely used by specialist clinicians to diagnose and treat different types of cardiac arrhythmias.

The trial will investigate four-electrode and 10-electrode diagnostic catheters with a range of formable and deflectable stylets: small, medium, large and extra large.

Cathrx said enrolment was expected to be completed by July 2009 with a regulatory submission at the same time.

Cathrx was untraded at 65 cents.

NEURODISCOVERY

Neurodiscovery says further preclinical data has shown that NSL-043/SD-118 "may be effective in treating neuropathic pain in man".

Neurodiscovery and Japan's Sosei Group Corporation are collaborating on the research by Neurodiscovery's wholly-owned subsidiary Neurosolutions as a potential therapy for neuropathic pain.

The company said the compound "has successfully completed phase I clinical studies and is now ready for phase II studies".

Neurodiscovery said the additional preclinical data showed that NSL-043/SD-118 "reverses static allodynia and inhibits spontaneous ectopic discharge in the streptozotocin-induced diabetic neuropathy and chronic constriction injury models of neuropathic hypersensitivity [suggesting] this compound may be effective in treating neuropathic pain in man".

NSL-043/SD118 was previously under clinical investigation in Japan for a different indication and demonstrated a potential new use as an oral therapy in neuropathic pain through a re-profiling collaboration, Neurodiscovery said.

Neurodiscovery's group chief executive Dr Chris Moyses said the preclinical observations were "a valuable endorsement of the company's approach to discovering first-in-class compounds that are clearly differentiated from existing therapeutics used in the management of neuropathic and inflammatory pain".

The data was presented at the Society for Neuroscience's annual meeting in Washington, DC, November 15-19, 2008.

Neurodiscovery fell one cent or 16.67 percent to five cents.

[ANTISENSE THERAPEUTICS](#)

Antisense says the US Patent Office has allowed a patent application covering its ATL1101 compound for prostate and other cancers until 2024.

Antisense said the patent was entitled 'Modulation of insulin like growth factor I receptor expression' and the allowance meant the granting of the US patent was "a formality" expected in the coming months.

The company said the US patent was part of its "extensive portfolio of intellectual property protecting ATL1101 and its uses" which included patent applications in Europe, Japan, Canada and Australia and a granted NZ patent.

The term of the US and NZ patents, and Canadian and Japanese patents applications when granted run to 2024.

In Europe and Australia claims to ATL1101 may be extended up to 2029 once the drug is registered.

Antisense said it had also lodged a US provisional patent application, entitled 'Modulation of insulin like growth factor I receptor expression in cancer' based on the preclinical data generated from its ATL1101 prostate cancer animal study (see Biotech Daily; October 15, 2008).

The company said the new US provisional patent application was filed to extend US protection for ATL1101 in prostate cancer and other cancers by five years to 2029.

Additional patent protection is also provided internationally for ATL1101 by Isis Pharmaceuticals' antisense technology and manufacturing patents and applications to which Antisense has a world-wide license.

Antisense was unchanged at 3.5 cents.

[ACRUX](#)

Acrux says the core patent protecting its drug delivery technology has been approved for grant by the Japanese patent authority.

The patent has a priority date of February 19, 1996 and will expire on February 19, 2017. It provides protection for a transdermal drug delivery system that consists of at least one of a range of therapeutic drugs, a dermal penetration enhancer, one of certain safe skin-tolerant ester sunscreens and a volatile liquid.

Acrux said it had other patents pending in Japan with expiry dates ranging between 2023 and 2028.

Acrux chief executive officer Dr Richard Treagus said the company's patents had been granted "in the three biggest pharmaceutical markets" the US, Europe and Japan, as well as a number of other territories.

He said the patent approval was "timely" given the company's interest in non-steroidal anti-inflammatory drugs, for which Japan was a large market (see Biotech Daily November 12, 2008).

Acrux was up 3.5 cents or 6.67 percent to 56 cents.

[PROTEOME, TYRIAN](#)

Proteome Systems formerly became Tyrian Diagnostics on the ASX today.

The code for Proteome (PXL) has lapsed and been replaced with Tyrian's TDX.

Tyrian closed up 0.9 cents or 18.0 percent at 5.9 cents.

[ARANA](#)

Arana formally opened its new Melbourne office and laboratory in Parkville today. Victoria's Innovation Minister Gavin Jennings complimented the company on its achievements and said the Victorian Government had "unbridled enthusiasm" for the biotechnology sector.

Mr Jennings said the \$4 million refit of the facility was "as good as any " and "state of the art".

The Royal Parade office and laboratory is part of the Monash University Parkville campus and close to other major research institutions including Commonwealth Scientific and Industrial Research Organisation, the Walter and Eliza Hall Institute, Bio 21, CSL and the University of Melbourne.

Several people at the launch including Mr Jennings commented on the excellent view of Princes Park the home of the Carlton Football Club.

Arana's vice president of product technologies Dr George Kopsidas told a group touring the facility that it had 31 staff including three administration staff and could house up to 45 to 50 employees.

Dr Kopsidas said the laboratory facilities had improved the original Evogenix optimization and superhumanization process for natural human antibodies, with some new machines able to complete work in "a couple of hours" that previously took staff several weeks to complete.

The facility has a protein room, a microbiology room and an air lock to a tissue testing room.

Arana's acting chief executive officer Dr Steffen Nock said the facility allowed Arana to develop safer and more potent drugs.

Arana climbed 2.5 cents or 3.4 percent to 76 cents.