



Biotech Daily

Monday November 3, 2008

Daily news on ASX-listed biotechnology companies

- * **GLOOMY OCTOBER: LIVING CELL UP 16%, OPTISCAN DOWN 67%**
- * **TODAY: ASX, BIOTECHS UP: PEPLIN UP 31%, VIRALYTICS DOWN 4%**
- * **ADIEU APOLLO**
- * **FDA GREEN LIGHTS ARANA ART621 RHEUMATOID ARTHRITIS TRIAL**
- * **ATCOR MEDICAL SIGNS \$792k PHARMACEUTICAL CONTRACT**
- * **GENETIC TECHNO MINORITY DIRECTORS NOMINATE HUW JONES**
- * **29% OPPOSE NOVOGEN DIRECTOR OPTIONS**
- * **BIOSIGNAL, TISSUE, NARHEX, DIA-B, AVANTOGEN LOW ON CASH**
- * **BIO-MELBOURNE WORKSHOPS STRATEGIC COMMUNICATIONS**
- * **BIOTECH DAILY TOP 40 WITH MARKET CAPITALIZATION**

MARKET REPORT

The Australian stock market climbed a further 4.8 percent on Monday November 3, 2008 with the All Ordinaries up 190.3 points to 4,173.0 points.

Twenty-one of the Biotech Daily Top 40 stocks were up, five fell, three traded unchanged and 11 were untraded.

Peplin was best, up 11 cents or 31.43 percent to 46 cents, followed by Avexa up 17.39 percent to 13.5 cents, Cytopia up 16.67 percent to 17.5 cents, Polartech up 14.29 percent to 8.8 cents, Chemgenex up 13.04 percent to 52 cents, Alchemia up 11.76 percent to 19 cents and Neuren up 10.17 percent to 6.5 cents.

Living Cell climbed 8.33 percent; Cathrx, Phosphagenics and Universal Biosensors were up more than seven percent; both Mesoblast and Pharmaxis rose 6.67 percent; Resmed and Ventracor were up more than five percent; Antisense and Novogen climbed more than four percent; Acrux, CSL, Cochlear, Labtech and Progen were up more than three percent; with Cellestis and Starpharma up more than one percent.

Viralytics led the falls, down 0.2 cents or 4.08 percent to 4.7 cents, followed by Bionomics down 3.85 percent, Biota down 2.94 percent; and Optiscan down 1.67 percent.

BIOTECH DAILY TOP 40 INDEX

The good news is that for the year to October 31, 2008 the three Big Caps (CSL, Cochlear and Resmed) rose 5.6 percent compared to the All Ordinaries' 41.2 percent tumble.

Living Cell climbed 16.2 percent to a market capitalization of \$43 million in the month to October 31, following New Zealand approval of its Type 1 diabetes xeno-transplant trial, followed up by Clinuvel climbing 8.6 percent to \$76 million, Benitec up 7.1 percent to \$15 million, Labtech (6.7%), Starpharma (6.1%), Bone Medical (4.2%) and Sirtex (2.6%).

The bad news is that all three Big Caps fell in October; 33 companies in the Biotech Daily Top 40 Index (BDI-40) were down, with the index falling a collective 19.6 percent; while the ASX All Ordinaries index fell 14.0 percent for the month. The Big Caps, which are not included in the BDI-40, fell 3.5 percent in October.

For the 12 months to October 31, the BDI-40 fell 53.3 percent, the BDI-20 fell 52.4 percent, with the Second 20 down 55.9 percent, compared to the All Ordinaries' 41.2 percent fall.

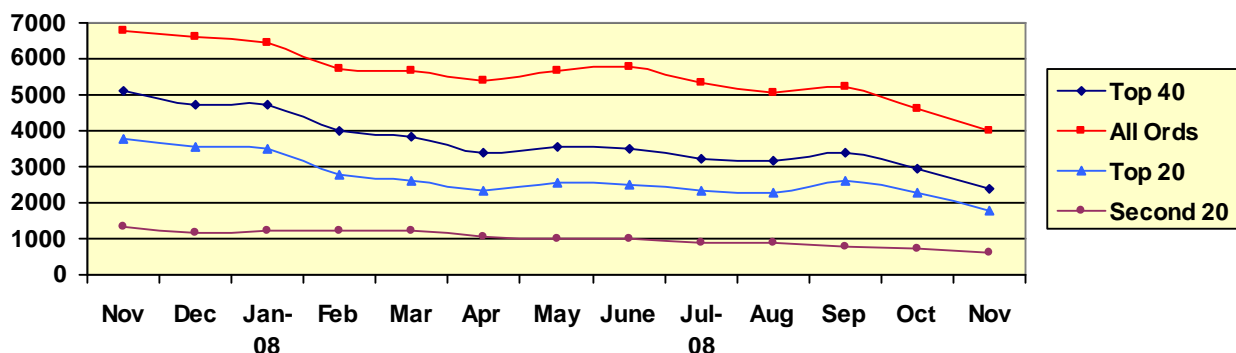
Optiscan was the month's worst performer, down 66.7 percent from \$21 million to \$7 million, followed by Ventracor down 57.4 percent to \$23 million and Biota down 52.4 percent to \$59 million from \$257 million 12 months ago.

Optiscan and Ventracor seem to have been hit by the need to find funds, while Biota shareholders appear to be sending a message on decision-making, particularly the Glaxosmithkline case, that the majority of the company's board still refuses to hear (see Biotech Daily; October 29, 2008).

Genetic Technologies fell 46.2 percent in the wake of founder Dr Mervyn Jacobson's move to spill his company's board (see Biotech Daily; September 18, 19 and 22, 2008).

Phylogica fell 40 percent, Chemgenex lost 35.3 percent, Pharmaxis and Sunshine Heart were both down 33.3 percent, Acrux lost 30 percent, Avexa was down 27.9 percent, with Alchemia, Peplin, Psivida and Stem Cell down by more than 20 percent.

Biotech Daily Top 40 (\$m) v ASX All Ordinaries 2007-08



APOLLO LIFE SCIENCES

Two Pitcher Partners executives have been appointed as administrators for Apollo Life Sciences and are proceeding to sell the company's assets.

On October 23, 2008 Apollo's chairman John Priest told the ASX he was unable to complete a funding agreement for the company and after the close of business on Friday October 24, Pitcher Partners said it had been appointed administrators of the company. Today, Pitcher Partners said it would sell the major assets relating to oral and topical delivery formulation technologies.

The assets include intellectual property, nano-technology over-the-counter skin care therapeutics, laboratory equipments as well as office equipment.

Apollo developed two core platform technologies for oral and topical delivery of protein-based therapeutics which currently need injection.

The company said it had advanced a topical anti-tumor necrosis factor therapeutic for psoriasis, that combined one of its own human cell expressed proteins with its Intradel topical delivery technology and an oral insulin, using its Oradel oral delivery technology and was developing an oral anti-tumor necrosis factor for arthritis.

A range of skin care products, retailing in Myer under the Ellipse brand had been created by leveraging the Intradel technology. Over-the-counter topical psoriasis and arthritis treatments and a mass market skin care range "attracted strong buying interest from major US retail chains" Apollo has previously said.

Apollo was described as the first casualty of the global downturn, when it sought a voluntary suspension from trading earlier this year (see Biotech Daily; March 18, 2008).

Since then, Apollo has attempted to sell non-core assets, restructure and raise funds.

Once a Biotech Daily Top 40 company, Apollo's share price tumbled, taking its market capitalization from \$40 million in August 2007 to \$31 million on February 1, 2008; \$20 million on March 1; and \$8 million on March 18, when it requested the suspension.

Pitcher Partners said the sale would be advertised with initial expressions of interest required by November 17, 2008.

ARANA

Arana says the phase II US trial of lead anti-inflammatory compound, ART621 for rheumatoid arthritis, is expected to begin by the end of this year.

Arana said ART621 "successfully passed" the US Food and Drug review of its investigational new drug application.

The company said investigational new drug (IND) status indicated regulatory approval to conduct clinical trials in humans in the US and was the first review of ART621 data by a major regulatory authority.

Arana can now proceed with its planned phase II study in rheumatoid arthritis.

Arana's chief medical officer Dr David Fuller told Biotech Daily that the US trial was expected to begin by December 31, 2008.

He said the compound was "a protein therapeutic incorporating a domain antibody".

"It has the characteristics of an antibody, but at half the molecular weight," Dr Fuller said.

Arana's chief executive officer Dr John Chiplin said the result "validates Arana's technology and development expertise".

"Crucially, an open IND increases our commercial visibility and is an important catalyst for our ongoing partnering discussions," Dr Chiplin said.

"Arana is at the forefront of new antibody technologies and we are one of the few companies to have second generation antibody products in clinical trials," Dr Chiplin said.

Arana fell half a cent or 0.65 percent to 77 cents.

ATCOR MEDICAL

Atcor Medical says it has signed a \$US540,000 agreement to supply Sphygmocor systems and support services to "a leading international pharmaceutical company". Atcor said the Sphygmocor system measured central blood pressures and arterial stiffness non-invasively.

The deal is for the supply of Sphygmocor systems and clinical trial support services with a minimum total value of \$US540,000 (\$A792,000), a large portion of which will be recognized in the current financial year.

Atcor said the order brought the minimum total value of pharmaceutical trial contracts secured in the past 150 days to more than \$US4.2 million.

Atcor chief executive officer Duncan Ross said the contract was "not only evidence of the increasing importance of Sphygmocor as a tool for understanding drug efficacy and mechanisms of action in pharmaceutical clinical trials but also reinforces its emerging importance as a drug therapy management tool in clinical practice".

Mr Ross said there were more than 300 pharmaceutical clinical trial sites using Sphygmocor.

"The growing use of Sphygmocor systems in clinical trials and the increasing volume of publications focusing on central blood pressures and arterial stiffness indicate a move toward establishment of a new standard for cardiovascular risk assessment and management," Mr Ross said.

"Our solid revenue growth continues to demonstrate the resilient nature of the healthcare sector in a fluid and uncertain macro economic environment," he said.

Atcor climbed 2.5 cents or 23.81 percent to 13 cents.

GENETIC TECHNOLOGIES

Genetic Technologies says directors Dr Mervyn Jacobson and Fred Bart have nominated Huw Jones to replace the five board members proposed to be removed.

Genetic Technologies founder Dr Jacobson has proposed a resolution for the company's November 19, 2008 annual general meeting to remove chairman Henry Bosch, chief executive officer Michael Ohanessian and directors John Dawkins, David Carruthers and Dr Leanne Rowe (see Biotech Daily; September 18, 19, 22; October 22, 2008).

The company said that if the motion to remove five of the seven current directors were passed, the company would have two directors remaining, putting it in breach of the Corporations Act 2001 and its constitution, both of which require that the Company has a minimum of three directors.

Grahame Leonard had been proposed as a replacement director for the AGM but Mr Leonard subsequently withdrew his consent.

Genetic Technologies said Dr Jacobson and Mr Bart proposed that if the majority of the board was removed Mr Huw Jones be appointed by them as a director immediately following the meeting by way of casual vacancy appointment.

The company said Mr Jones had provided a consent to act as a director.

Mr Jones is chief executive officer of Aeris Environmental, an ASX-listed environmental technology and services company.

Mr Jones has held senior management positions and holds a degree in Civil Engineering and an MBA from the London Business School.

Genetic Technologies was untraded at 3.8 cents.

NOVOGEN

A large minority of Novogen shareholders have opposed the grant of options to managing director Christopher Naughton and group research director Prof Alan Husband.

The resolutions to provide options to Mr Naughton and Prof Husband were supported by about 39.2 million proxy votes, with about 16.2 million proxy votes opposed.

A total of 41,027,195 proxy votes supported the reelection of Peter Simpson as a director with 15,106,764 proxy votes against, while Prof Husband had 45,370,755 proxy votes supporting his bid for reelection, with 10,683,484 proxy votes opposed.

Following a poll the remuneration report was supported by 47,560,474 votes, with 10,174,329 votes against. The resignation and appointment of an auditor was approved with more than 55.4 million votes in favor compared to 438,238 proxy votes opposed.

The placement of 4,531,633 shares at \$1.22 a share was approved by 50.2 million proxy votes in favor and 1.1 million against.

Novogen was up 4.5 cents or 4.71 percent to \$1.00.

BIOSIGNAL

Biosignal says it had a net cash burn of \$758,111 for the three months to September 30, 2008.

In its Appendix 4C announcement to the ASX, the company said it had cash at the end of the quarter of \$708,565.

Biosignal said it had "taken steps to significantly reduce cash burn in the December and March quarters" and expects some revenue during this period.

"Operating cash flows will continue to be negative however it is believed the company will have sufficient funds to the end of the March quarter," Biosignal said.

Biosignal was untraded at three cents.

TISSUE THERAPIES

Tissue Therapies says it had a net cash burn of \$946,600 for the three months to September 30, 2008.

In its Appendix 4C announcement to the ASX, the company said it had cash at the end of the quarter of \$733,000.

Tissue Therapies said payments in the quarter were "larger than usual because it included one-off and final payments for ... Vitrogro research projects to which Tissue Therapies is a contributor, but which are heavily subsidized by research grant funding".

Tissue Therapies said its portion of payments was \$284,000.

Tissue Therapies was untraded at 9.6 cents.

NARHEX LIFE SCIENCES

Narhex Life Sciences says it had a net cash burn of \$104,000 for the three months to September 30, 2008.

In its Appendix 4C announcement to the ASX, the company said it had cash at the end of the quarter of \$10,000.

Narhex executive chairman Dr Michael Cohen told Biotech Daily that the company had a fund raising strategy in place, requiring shareholder approval at an annual general meeting which would be held "hopefully later this year".

Narhex is suspended and last traded at 1.6 cents.

DIA-B TECH

Dia-B tech says it had a net cash burn of \$705,000 for the three months to September 30, 2008.

In its Appendix 4C announcement to the ASX, the company said it had cash at the end of the quarter of \$221,000. The company said it had loan facilities of \$3.5 million.

Dia-B Tech was untraded at 1.1 cents.

AVANTOGEN

Avantogen says it had a net cash burn of \$728,000 for the three months to September 30, 2008.

In its Appendix 4C announcement to the ASX, the company said it had cash at the end of the quarter of \$403,000.

Avantogen was untraded at 3.7 cents.

BIO-MELBOURNE NETWORK

Bio-Melbourne Network will hold a workshop on strategic communications for biotechnology managers on November 13, 2008.

The Bio-Melbourne Network says that with biotech investment market windows narrowing and private capital very nervous about risk profiles, "it is vitally important for biotech companies to implement well-planned communication strategies for investors, shareholders and collaboration partners".

Attendees will be provided with a strategic communications and issues management template and will have an opportunity to use this tool to directly apply to their organizations. Electronic copies will be provided.

Bio-Melbourne Network chief executive officer, Michelle Gallaher, will introduce the workshop and present on communications strategic planning, including handling the hard issues. Prior to joining the Bio-Melbourne Network, Ms Gallaher was public affairs director at the Australia Stem Cell Centre.

Ms Gallaher will examine communications plans; integration of issues management planning into the organizational risk plan; identification of issues before they break with stakeholders; target audiences including audience segmentation and hierarchy; timing; legal issues in an emerging crisis; communications strategies in litigation or defence; post event strategies for investors, staff, collaborators and the annual general meeting.

Seed Media director, Andrew Geddes, will present on strategies for communicating with the market and investors. Prior to starting his own consultancy Mr Geddes was investor relations manager with Ventracor.

He will discuss developing a relationship and credibility; what analysts and investors want to know and how to talk to them; clear communication and announcement valuations; honesty in communications; and timing.

Media Manoeuvres chief executive officer Sam Elam will present on media relations strategies.

Ms Elam will cover how the media works; the key drivers of stories and deadlines; different media, different rules; building credibility; and building a relationship.

The workshop will conclude with a 30 minute panel discussion to answer questions and gather the experiences of the attendees to round out the morning's discussion.

The workshop will be held in the Supper Room, Melbourne Town Hall, Swanston St, Melbourne with registration from 8.45am. The workshop starts at 9am and will be followed by a light luncheon.

BIOTECH DAILY TOP 40 WITH MARKET CAP

Big Caps \$Am	Nov-08	Oct-08	Sep-08
Cochlear	3,189	3,312	3,071
CSL	21,936	22,463	24,554
Resmed	3,746	4,146	4,138
Top 20			
Acrux	105	150	183
Alchemia	27	35	47
Arana	182	193	263
Avexa	49	68	118
Bionomics	61	75	81
Biota	59	124	136
Cellestis	193	206	212
Chemgenex	110	170	222
Cytopia	13	14	17
Heartware	161	192	186
Living Cell	43	37	50
Mesoblast	109	133	152
Neuren	15	16	18
Novogen	98	113	159
Peplin	58	73	85
Pharmaxis	292	438	430
Phosphagenics	43	44	54
Proteome	15	17	25
Sirtex	118	115	134
Starpharma	52	49	44
Second 20			
Antisense	26	30	39
Benitec	15	14	25
Bone Medical	25	24	23
Cathrx	28	31	34
Circadian	31	36	40
Clinuvel	76	70	91
Genetic Tech	14	26	32
Impedimed	54	55	55
Labtech	16	15	16
Optiscan	7	21	25
Phylogica	9	15	11
Polartechnics	19	23	22
Prana	73	87	85
Progen	40	44	40
Psivida	16	21	33
Stem Cell Sciences	6	8	6
Sunshine Heart	18	27	15
Universal Biosensors	74	91	108
Ventracor	23	54	62
Viralytics	14	15	15

* Biotech Daily editor, David Langsam, owns shares in Alchemia, Biota, Chemgenex, Cytopia and Stem Cell Sciences as well as non-biotechnology stocks. These are liable to change at any time.

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