



Biotech Daily

Tuesday October 14, 2008

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECHS UP, AGAIN: CYTOPIA UP 45%, NEUREN DOWN 12%**
- * **IMCLONE DESIGNATES CANCER CANDIDATE FROM CIRCADIAN TARGET**
- * **PROTEOME AGM VOTES ON NAME CHANGE, 1.1m CEO SHARES**
- * **SOLAGRAN: BIOEFFECTIVE A 320 'EFFECTIVE FOR POLYNEUROPATHY'**
- * **IDT DIRECTOR GEOFFREY LORD REACQUIRES 2.5m 'LOST' SHARES**
- * **OBJ HOPES TO RAISE \$2.1m IN 4-FOR-5 RIGHTS ISSUE**

MARKET REPORT

The Australian stock market climbed a further 4.1 percent on Tuesday October 14, 2008 with the All Ordinaries up 169.6 points to 4,311.5 points.

Twenty-two of the Biotech Daily Top 40 stocks were up, four fell, 10 traded unchanged and four were untraded.

Cytopia was best, up five cents or 45.45 percent to 16 cents on low volumes, followed by Stem Cell Sciences up nine cents or 42.86 percent to 30 cents.

Benitec climbed 25 percent; Peplin was up 21.43 percent; Bionomics rose 20 percent; Cellestis and Psivida were up more than 16 percent; Circadian was up 12.12 percent; Alchemia climbed 11.11 percent; Biota rose 9.2 percent; Acrux was up 8.45 percent; Prana, Proteome and Sunshine Heart were all up 7.69 percent; Phosphagenics put on 6.06 percent; Polartechnics was up five percent; Cochlear climbed 4.94 percent; Chemgenex was up 3.45 percent; with Arana, Heartware, Novogen, Progen and Starpharma up more than one percent.

Neuren led the falls, down 0.8 cents or 11.59 percent to 6.1 cents, followed by Mesoblast down 9.55 percent to 90 cents, with Phylogica and Ventracor down more than three percent.

CIRCADIAN

Circadian says licensee Imclone Systems has designated the human therapeutic antibody IMC-3C5 as a formal pre-clinical development candidate for oncology indications.

Circadian said IMC-3C5 was an antibody which neutralized VEGFR-3.

The company said vascular endothelial growth factor (VEGF) and its receptors played a pivotal role in normal and pathologic angiogenesis and were expressed in many solid and haematologic malignancies.

The New York-based Imclone has exclusive rights from Circadian's wholly-owned subsidiary Vegencis to develop the VEGFR-3 antibody in return for annual licence fees and royalties on potential future product sales.

Circadian said Imclone would undertake formal pre-clinical studies of IMC-3C5 and the first indications to be investigated will be in solid tumors.

The company said Imclone and Vegencis' scientists had published in 'Nature' that VEGFR-3 had a previously unknown role in the formation of blood supply to tumors and retina, that is, it has a role in signaling blood vessel creation or angiogenesis.

Using antibodies to block both receptors VEGFR-2 and VEGFR-3, the research team found an additive effect in inhibition of tumor growth in animals by effectively starving the cancer cells. Prior to this finding VEGFR-3's only known role was in mediating the growth of lymphatic tissues.

The Nature (July 31; 2008; 454 (7204); pp656-60) findings indicated that existing anti-angiogenic therapies, such as Avastin, may be improved by the addition of agents which inhibit VEGFR-3 mediated angiogenesis such as VEGF-C or VEGF-D antibodies.

Circadian and Vegencis chief executive officer Robert Klupacs said Imclone was "one of the most experienced developers of therapeutic antibodies for cancer therapies in the world today".

"Being able to partner the development of our VEGFR-3 technology with Imclone is a tremendous validation for our technology," Mr Klupacs said.

"It is also a key step in Circadian's strategy to becoming an international biologics drug development company based on our VEGF technology," he said.

Circadian climbed eight cents or 12.12 percent to 74 cents.

PROTEOME

Proteome's annual general meeting will vote on a change of name to Tyrian Diagnostics and the grant of 1,100,000 performance shares to chief executive officer Dr Jenny Harry. Proteome said name change marked the change from developing therapeutic products to "the development and commercialization of innovative diagnostic products".

Once the name change takes effect the proposed ASX trading code will be TDX.

Shareholders will also vote on the issue of 1,100,000 performance rights to Dr Harry to be vested in three tranches on October 1, 2009, 2010 and 2011.

Dr Harry received 1,790,343 performance rights in June 2005 and has been issued 1,790,343 shares under the scheme for nil consideration.

Proteome said Dr Harry received 4,310,000 performance rights in June 2006, which have not been converted. About half of these rights are dependent on a minimum share price of 48 cents and the balance requires a minimum price of 60 cents by June 22, 2009.

Shareholders will also vote on the prior issue of 23,809,524 shares at 10.5 cents a share which raised \$2.5 million and the reelection of director Dr Caroline Popper.

The annual general meeting will be held at Unit 1, 35-41 Waterloo Road, North Ryde, New South Wales on November 13, 2008 at 3pm.

Proteome was up half a cent or 7.69 percent to seven cents.

SOLAGRAN

Solagran says its Bioeffective A 320 has demonstrated efficacy for polyneuropathy in critically ill chronic alcoholics.

Polyneuropathy is a condition affecting many peripheral nerves.

Solagran said the director of St Petersburg's Skvortsova-Stepanova Psychiatric Hospital Dr Vladimir Agishev brought the results of a Bioeffective A 320 clinical trial to Australia.

The company said Ropren and Bioeffective A, derived from the extract of conifer green needles, were "significant breakthroughs in the treatment of different aspects of the wide range of complex pathologies found in critically ill, drug addicted chronic alcoholics".

Solagran said Ropren was "very effective in treating liver and central nervous system conditions and Bioeffective A being particularly effective in treating peripheral nervous system conditions".

Solagran said trials with Alzheimer's disease patients and chronic alcoholics showed Ropren was effective in normalizing enzymatic activity in the liver and brain enzymes involved in neurotransmission.

Solagran said a trial at Melbourne's Swinburne University showed that Ropren led to improvement in memory in healthy elderly volunteers and the Ropren alcoholics trial showed improvement in psychological, neurological and metabolic parameters.

Solagran said trials had shown that Bioeffective A had properties potentially beneficial to patients with complex pathologies, including anti-oxidant action with strong anti-bacterial and liver protection properties.

The Bioeffective A trial involved 55 patients aged 18 to 60 years. All had been assessed as critical on admission to hospital. Many patients suffered from other pathologies including pneumonia, hepatitis and type 2 diabetes. Most were heavy users of opiates and other drugs, Solagran said.

Thirty-two patients were in the experimental group and received three capsules of Bioeffective A 320 per day for one month, with 23 in the control group.

Solagran said researchers expected to see evidence of the activity of Bioeffective A on kidney function and blood biochemical parameters, "but they also observed clear action by Bioeffective A in other areas, particularly the peripheral nervous system".

The key outcomes of Bioeffective A treatment were functional improvement of central nervous system in 75 percent of patients, compared with only 35 percent in the control.

There was an increase in the level of potassium in blood serum and 24.2 percent of treated patients had a potassium deficiency compared with 39.3 percent in the control.

After treatment, all patients in the experimental group had normal potassium levels. In the control group, nearly half (17.4% of 39.3%) still had a deficiency, Solagran said.

Solagran said a homeostatic effect was observed which manifested as normalization of erythrocytes and thrombocytes leading to a lowering of risk of bleeding.

In the experimental group 87.8 percent of patients had polyneuropathy. After one month of treatment, 36.3 percent had recovered completely. In the control group, 82.6 percent had polyneuropathy and none recovered by the end of the treatment.

There were no adverse effects from the use of Bioeffective A.

Dr Agishev said that, in relation to psychosomatic conditions and liver protection, Ropren was much more effective than Bioeffective A. "However, in relation to polyneuropathy, the action of Bioeffective A is dramatic," Solagran said.

In Dr Agishev's view, when used together, Ropren and Bioeffective A could deal with many problems in patients with complex pathologies.

Dr Agishev has committed to a minimum quarterly order for Ropren for his hospital and has indicated that many other psychiatric hospitals in Russia would follow his lead.

Solagran was up five cents or 18.52 percent to 32 cents.

IDT AUSTRALIA

The Belgravia Group has increased its substantial shareholding in IDT Limited from 3,171,296 shares (7.38%) to 5,646,499 shares (13.14%).

The 2,475,204 shares were reacquired from the ANZ Banking Group in an off-market transaction on October 9, 2008, but the cost of the shares was unclear.

The ANZ Bank ceasing substantial shareholder notice said "no consideration was provided by ANZ that was directly referable to the securities".

A note annexed to the notice said there were several possible reasons for the return of the securities including the value of securities exceeding collateral provided to the ANZ as well as other options relating to the loan of securities.

IDT Australia previously told the ASX that 3,471,899 shares or eight percent of the company held by companies associated with director Geoffrey Lord were affected by margin lending agreements (see Biotech Daily; April 4 and July 9, 2008).

IDT (formerly the Institute of Drug Technology) said the eight percent of the company held by Mr Lord's companies Keygrowth and Belgravia Strategic Equities were subject to margin lending agreements with Primebrokers Securities and were held by the receivers of the failed stock-broking house.

Today's notice from the Belgravia Group said the shares were acquired in an "off-market purchase", but the company refused to clarify the cost of the reacquisition.

IDT fell three cents or 1.57 percent to \$1.88.

OBJ

OBJ hopes to raise \$2.1 million through a four-for-five non-renounceable rights issue at 0.5 cents a share.

Participants will receive one free attaching option exercisable at 1.25 cents for every two shares purchased.

OBJ said Patersons Securities would act as lead manager.

OBJ said full details of the rights issue will be released as soon as they are finalized.

OBJ climbed 0.1 cents or 11.11 percent to one cent.