



# Biotech Daily

Wednesday October 15, 2008

*Daily news on ASX-listed biotechnology companies*

- \* **ASX DOWN, BIOTECHS UP: VIRALYTICS UP 32%, CYTOPIA DOWN 31%**
- \* **ANTISENSE ATL1101 SUPPRESSES HUMAN PROSTATE TUMORS IN MICE**
- \* **GENERA CLAIMS SUPERIOR HPV TEST**
- \* **CSL FOREX WINDFALL; AGM DIVIDES ON REMUNERATION REPORT**
- \* **BIO-GUIDE BRIEF: CHEMGENEX'S TRADING PRICE GAP**
- \* **GENETIC TECHNOLOGIES VOTES ON COMPANY'S FUTURE**
- \* **IDT'S GEOFFREY LORD BUYS HIS MARGIN SHARES AT 22% DISCOUNT**
- \* **CIRCADIAN VOTES ON DIRECTORS', VEGENICS SHARES**

## MARKET REPORT

The Australian stock market retreated 0.9 percent on Wednesday October 15, 2008 with the All Ordinaries down 39.0 points to 4,272.5 points.

Sixteen of the Biotech Daily Top 40 stocks were up, 13 fell, seven traded unchanged and four were untraded.

Viralytics was best, up 1.2 cents or 31.58 percent to five cents on modest volumes, followed by Antisense up half a cent or 11.11 percent to five cents and Genetic Technologies up half a cent or 10 percent to 5.5 cents.

Heartware climbed 9.09 percent; Alchemia and Phylogica were up more than seven percent; Mesoblast was up 6.67 percent; Arana and Neuren were up more than four percent; Biota and Pharmaxis climbed more than three percent; Progen rose 2.94 percent; with Circadian up 1.35 percent.

Yesterday's best performer, Cytopia, led the falls, down five cents or 31.25 percent to 11 cents, followed by Peplin down 17.65 percent to 35 cents, Starpharma down 13.33 percent to 26 cents and Benitec down 10 percent to 4.5 cents.

Optiscan lost 9.68 percent; Cellestis and Polartechnics were down more than seven percent; Avexa and Ventracor both shed 6.9 percent; Novogen fell four percent; with Impedimed, Living Cell and Resmed down more than two percent.

## ANTISENSE THERAPEUTICS

Antisense says ATL1101 for prostate cancer significantly suppressed the growth of the human tumors grafted into recipient mice.

Antisense said ATL1101 was a second generation antisense inhibitor of the insulin-like growth factor-I receptor (IGF-IR) which has shown potent activity in laboratory studies, including in human cancer cells.

The company said that in the collaborative study with the University of British Columbia through the Department of Urological Sciences' Prof Martin Gleave ATL1101 or control drugs were injected into the bloodstream of the mice and tumor growth was monitored and compared between the treatment groups.

Antisense said ATL1101 injections significantly suppressed the growth of the human tumors and slowed their transition to the most dangerous form of prostate cancer, castration-resistant prostate cancer.

Prof Gleave said there was a compelling need for new therapeutic options in castration-resistant prostate cancer.

"The preclinical anticancer activity of ATL1101 in these mouse models of human prostate cancer is encouraging and justifies further evaluation as a potential treatment", said Prof. Gleave.

Antisense research director Dr Christopher Wraight said the animal studies mimicked two aspects of the disease: the transition of prostate tumors to castrate-independence and the ability of tumors to grow despite androgen ablation therapy.

"Importantly, ATL1101 injection inhibited both aspects of tumor growth," Dr Wraight said.

"To our knowledge, this is the first demonstration of systemic efficacy in a prostate cancer model with an RNA-silencing IGF-I receptor drug," Dr Wraight said. "Our study clearly shows that ATL1101 is an effective inhibitor of IGF-IR signaling in vivo and that its pharmacological mechanism is highly relevant in the control of prostate tumor growth."

Antisense chief executive officer Mark Diamond said ATL1101 was "the only antisense drug targeting IGF-IR in development as a potential treatment for prostate cancer".

"We now have positive animal efficacy data on ATL1101 as we have for ATL1103 for sight and growth disorders, which is progressing through pre-clinical toxicology studies prior to the initiation of planned human clinical trials next year," Mr Diamond said.

"Our ability to successfully develop and commercialize our drugs is validated by our licencing of ATL1102 for multiple sclerosis to Teva Pharmaceuticals, a top 20 global pharmaceutical company, who are now continuing the drug's development," he said.

"The preclinical prostate cancer results from Prof Gleave's laboratory provide compelling support for the continued development of ATL1101 as a cancer therapeutic," he said.

Mr Diamond told Biotech Daily that 18 percent of American men were diagnosed with prostate cancer and three percent died from it.

Antisense said drugs targeting IGF-IR were being developed by several pharmaceutical companies, demonstrating the importance of the IGF-IR target in cancer. ATL1101 has a different mechanism to other IGF-IR drugs and is designed to block IGF-IR production and prevent it appearing on the surface of tumor cells. Other drugs bind to the molecule already on the surface of the cells. ATL1101 benefits from the scientific validation of the biological target provided by other IGF-IR drugs in clinical development, but offers a novel mechanism of action and in turn, a potentially different treatment option or approach.

An abstract, entitled 'Targeting IGF-IR with Antisense Oligonucleotides in Prostate Cancer' will be released at the New York Academy of Sciences annual meeting of the Oligonucleotide Therapeutics Society, in Boston October 15-18, 2008. The detailed study data will be presented in a poster session on October 17.

Antisense climbed 0.5 cents or 11.11 percent to five cents.

## GENERA BIOSYSTEMS

Genera says a pilot study of its Papttype human papillomavirus detection and genotyping test shows a better pre-cancer detection rate over Qiagen's Hybrid Capture 2 test.

Genera said Qiagen's Hybrid Capture 2 test was the only cervical cancer screening test approved by the US Food and Drug Administration.

The company said the pilot clinical trial was performed with members of the company's scientific advisory board working at Melbourne's Royal Women's Hospital, using archived clinical material held at the hospital.

Genera said the study results "strongly indicate that Papttype shows an improved pre-cancer detection rate over Qiagen's Hybrid Capture 2 test".

Of 100 specimens obtained from women who had presented with abnormal Pap results, HC2 returned a 27 percent false negative rate, compared to Papttype's seven percent.

A false negative is obtained when the test fails to predict the presence of high grade precancerous lesions in the cervix and can have important consequences for patients.

Human papillomavirus (HPV) authority and chair of Genera's advisory board Prof Suzanne Garland said the results were not definitive, but were very encouraging.

"In a sense, this is not a surprising result for Papttype, given the nature of the technology," Prof Garland said. "Nevertheless, this is an important result, in that potentially, a doctor can have greater confidence in the results from their HPV test."

Genera said the patients in the study were not typical of women who present for cervical screening, in that they already had an abnormal Pap smear and Prof Garland cautioned against extrapolating the results too far.

"We really need to see how well Papttype performs in a general population of women ... however, at this stage, the data are most encouraging," Prof Garland said.

Genera chief executive officer Allen Bollands said Papttype was already a competitive test compared to HC2, "since it not only detects HPV, it also simultaneously genotypes the virus that it finds, information which has real clinical and economic value".

"The finding that we have highly competitive disease detection rates compared to the only FDA-approved test on the market is really the icing on the cake," he said.

Dr Bollands said human papillomavirus testing was "set to become a billion dollar market, and Genera is well positioned to share in that market".

Genera was untraded at 17.5 cents.

## CSL

A significant minority of CSL shareholders have opposed the company's remuneration report at the company's annual general meeting.

A total of 289,188,838 proxy votes supported the report but 28,558,849 proxy votes opposed the remuneration report, with 5,828,238 abstentions and 4,852,691 votes at the proxy's discretion.

The reelection of directors Dr Elizabeth Alexander and David Simpson were passed overwhelmingly.

CSL chair Dr Alexander told the annual general meeting that for the 2008-'09 fiscal year, net profit after tax was expected to be at the upper end of the \$810 and \$850 million range at constant currency, subject to variables outlined in the company's annual results.

"If currency rates on October 13, 2008 were to apply for the balance of the financial year, the net profit after tax range ... would be in the order of \$935 million to \$1.01 billion," Dr Alexander said.

CSL fell two cents or five percent to \$38.38

### MARC SINATRA'S BIO-GUIDE BRIEF: CHEMGENEX

According to the efficient market hypothesis, all relevant news is instantaneously factored into asset prices, such that current prices are the best estimates of their real value.

Among others, Warren Buffet questions the validity of this hypothesis in the short term, so I have come up with my own hypothesis: the Stupid Investor Hypothesis.

My hypothesis states that every investor will be made to look stupid by the market at some point in time. It can be difficult to spot the stupid investors because of the swirling mass of speculation in which they swim and their ability to lie.

Where Chemgenex Pharmaceuticals is concerned, however, two camps based on geographical boundaries are likely to define the stupid biotechnology investors.

Chemgenex shares closed today at 60.5 cents on the ASX, while they closed at an equivalent price of \$1.75 in the US last night. Someone is wrong by \$1.145 a share.

Given the lack of liquidity, this gap may close rapidly, but it has been around long enough and grown to such a size that it is beyond ridiculous.

I am very bullish on Chemgenex and would argue that America's longer history and better understanding of drug development will show the US price is much closer to the mark than the Australian one.

One group of investors, either the Australians or Americans, will find it difficult to hide that they were victims of the hypothesis as the Chemgenex story plays out.

Marc Sinatra and David Langsam own shares in Chemgenex.

Chemgenex climbed half a cent or 0.83 percent to 60.5 cents.

### GENETIC TECHNOLOGIES

Genetic Technologies annual general meeting will decide the company's future with founder Dr Mervyn Jacobson pursuing his spill of the board and chief executive officer.

The motions call for the removal of chairman Henry Bosch, chief executive officer Michael Ohanessian and directors John Dawkins, David Carruthers and Dr Leanne Rowe.

Dr Jacobson has nominated Grahame Leonard be appointed a director (see Biotech Daily; September 18, 19 and 22, 2008). Mr Leonard is a lawyer, accountant, chairman of Readify and a former president of the Jewish Community Council of Victoria.

Founding director Fred Bart is standing for re-election, but is not subject to Dr Jacobson's spill resolution.

Dr Jacobson controls 40 percent of the company.

Lupetto Holdings Pty Ltd has recently been added to the share registry with a holding of 8.3 percent of the company. Lupetto's address is one of Dr Jacobson's properties but there has been no change in substantial holding notice from Dr Jacobson and no becoming substantial notice from any other investor. It is possible the company comprises individuals with none holding the five percent level requiring substantial declaration.

Mr Dawkins, Mr Carruthers, Mr Bosch and Dr Rowe wrote a strong defence of Mr Ohanessian that was included in the meeting notice and said despite requesting Dr Jacobson's complaints against Mr Ohanessian in writing, Dr Jacobson "declined to do so".

Dr Jacobson did not provide a statement for the notice of meeting.

The board excepting Dr Jacobson recommended supporting the appointment of Mr Leonard.

Other motions to the annual general meeting include the reelection of Mr Bosch, Mr Bart and Dr Rowe, as well as the establishment of a new employee option plan.

The meeting will be held at Treetops, Melbourne Museum, 11 Nicholson Street, Carlton, Victoria on November 19, 2008 at 10am.

Genetic Technologies climbed half a cent or 10 percent to 5.5 cents.

### IDT AUSTRALIA

IDT director Geoffrey Lord says he paid \$3,589,045.80 for the 2,475,204 shares reacquired from the ANZ Bank following the collapse of Primebrokers Stockbrokers.

The price was included in a director's interest statement and indicated Mr Lord paid an average \$1.45 a share on October 9, 2008 a day when IDT traded at \$1.85 and \$1.86.

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

The bank said there were several possible reasons for the return of the securities with "no consideration" 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 IDT held by companies associated with Mr Lord were affected by margin lending agreements (see Biotech Daily; April 4 and July 9, 2008).

IDT was untraded at \$1.88.

### CIRCADIAN

Circadian's annual general meeting will vote on a non-executive director's share plan and the ratification of shares to be issued for the Vegenics acquisition.

Several resolutions relate to the previous and future issue of shares to the Ludwig Institute and Licentia Limited for the Vegenics acquisition.

Shareholders will also vote on the election of directors Tina McMeckan, Carlo Montagner and Dr Jonathan Skipper.

The meeting will be held at Computershare, Yarra Falls, 452 Johnston Street, Abbotsford, Victoria on November 14, 2008 at 9.30am.

Circadian climbed one cent or 1.35 percent to 75 cents.