



Biotech Daily

Wednesday September 3, 2008

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECHS DOWN: STEM CELL UP 25%, POLARTECHNICS DOWN 19%**
- * **'MARKED IMPROVEMENT' FOR TISSUE THERAPIES' 1st PATIENT**
- * **ISRAEL APPROVES ANADIS CANCER-RELATED MUCOSITIS TRIAL**
- * **SPINIFEX RAISES \$12m FOR PAIN RESEARCH**
- * **NEURODISCOVERY WINS \$170k RESEARCH CONTRACT**
- * **OCCUPATIONAL & MEDICAL IN \$3m SOUTH AFRICAN DEAL**
- * **BIO-MELBOURNE WORKSHOP: THE ABC OF BUSINESS DEVELOPMENT**
- * **OPPENHEIMER FUNDS TAKES 20% OF PROTEOME**
- * **MICHAEL SPOONER SELLS MESOBLAST SHARES TO EXERCISE OPTIONS**
- * **DR MEGAN CLARK APPOINTED CSIRO CHIEF EXECUTIVE**
- * **STEM CELL CENTRE TRAINS YOUNG SCIENTISTS**
- * **PEPLIN CEO TOM WIGGANS STARTS ON \$US350k; AGM NOTICE**

MARKET REPORT

The Australian stock market fell 1.2 percent on Wednesday September 3, 2008 with the All Ordinaries down 64.5 points to 5,130.5 points. Eleven of the Biotech Daily Top 40 stocks were up, 15 fell, five traded unchanged and nine were untraded.

Stem Cell was best, up five cents or 25 percent to 25 cents on small volumes, followed by Alchemia up 4.5 cents or 15 percent to 34.5 cents. Starpharma climbed 6.12 percent; Benitec, Chemgenex and Impedimed were up more than four percent; Novogen and Resmed were up more than three percent; Prana and Universal Biosensors rose more than two percent; with Avexa up more than one percent.

Polartechinics led the falls, down 1.2 cents or 10.91 percent to 9.8 cents on small volumes, followed by Pharmaxis down 17 cents or 7.17 percent to \$2.20. Bionomics fell 5.41 percent; Arana, Optiscan, Phylogica, Psivida, Sirtex and Ventracor shed more than two percent; with Biota, Cellestis, Clinuvel, CSL, Neuren, Phosphagenics and Progen down more than one percent.

TISSUE THERAPIES

Tissue Therapies says the first of eight Perth patients to be treated with Vitrogro for venous ulcers has demonstrated "a marked improvement" with no adverse events.

Tissue Therapies said 70-year old Dot Harrison suffered from a venous ulcer on her right ankle which had not healed with conventional dressings.

The company said that following treatment with Vitrogro "her venous ulcer reduced in area by more than 60 percent in only 21 days, there was a marked improvement in the health of the tissue at the edge of the wound and full healing is expected".

There were no adverse reactions, the company said.

Tissue Therapies chief executive officer Dr Steven Mercer said while the clinical progress of one patient was not conclusive, the company was "very excited" by the results because this was how it expected Vitrogro to perform clinically.

"There is no doubt that the rapid reduction in ulcer size and improvement in health of the skin in the wound area are highly unusual for a chronic venous ulcer," Dr Mercer said.

"With the use of Vitrogro, it appears that Mrs Harrison's ulcer is healing in a way that is exceptional," Dr Mercer said.

Dr Mercer told Biotech Daily that the remaining seven patients in the Perth trial (see Biotech Daily July 9, 2008) would be treated by the end of December with results by the end of January.

Dr Mercer said progress had been made in the long-delayed Toronto trial and he hoped to have regulatory approval in the coming months.

Tissue Therapies climbed 1.5 cents or 17.65 percent to 10 cents.

ANADIS

Anadis hopes to begin its cancer-related mucositis program within a month.

Anadis said the clinical protocol for the program had been cleared by the Israeli Ministry of Health and the Tel Aviv Souraski Medical Center's Institutional Review Board.

Anadis said the two approvals enabled "the initiation of the clinical trial addressing this significant target at the medical center within a month".

The company said mucositis was a significant side effect in cancer therapy affecting between 20 percent and 100 percent of patients, depending on the type of cancer and treatment.

Anadis said mucositis was characterized by intestinal tissue destruction throughout the gastrointestinal tract, including painful mouth ulcerations and severe gastrointestinal symptoms interfering with nutrition and treatment.

The company said there were no effective treatments for gastrointestinal mucositis available in the marketplace and treatment for oral mucositis was very expensive and limited to a narrow group of eligible patients.

In the US alone there are more than 10 million patients undergoing cancer treatments and 1.5 million new cancer cases each year, Anadis said.

The intended product, primarily for the oncology market, will leverage a unique formulation of Anadis' immune milk-derived anti LPS antibodies, growth factors and other bioactives combined and delivered using Anadis' patented oral delivery technology.

Anadis said it expected a commercial product could reach the market within three years, "due to the product's excellent safety profile".

Anadis has shared in a \$US500,000 Victoria Israel Science and Technology Research and Development (Vistech) grant for its clinical trial of polyclonal antibodies for the treatment of cancer-related mucositis (see Biotech Daily; June 30, 2008).

Anadis was up half a cent or 8.33 percent to 6.5 cents.

SPINIFEX PHARMACEUTICALS

Spinifex says it has investment of \$12 million from GBS Venture Partners, Brandon Capital Partners and Uniseed to development pain management drug EMA401.

Spinifex said the funding was in two tranches, with the first \$6 million received and the second tranche targeted for phase II clinical trials of EMA401 due to start in late 2009.

The Melbourne-based Spinifex said it was established in 2005 to develop new drug candidates for the treatment and management of pain.

Lead candidate, EMA401, is an orally available small molecule drug in phase I trials under an investigational new drug application with the US Food and Drug Administration, with results from the first clinical trial expected at the end of this year or early 2009.

Spinifex's principal technology relates to the discovery made by University of Queensland researchers led by Prof Maree Smith, of a novel pathway for the treatment of neuropathic and inflammatory pain.

Spinifex chief executive officer Dr Tom McCarthy said the company was "very pleased to have secured the support of these key investors and are buoyed by the strength of the venture capital funding system in Australia for companies with strong prospects, particularly in the context of the ongoing pressure on listed biotechnology companies". Spinifex was spun-out from the University of Queensland's commercialization arm, Uniquist.

Dr McCarthy said the funding was targeted at taking the company's lead candidate through phase II trials, but Spinifex was also working to deepen its clinical pipeline. Spinifex is a private company.

NEURODISCOVERY

Neurodiscovery says its subsidiary Neurosolutions has won a \$170,000 research contract to test compounds for an unnamed "major international pharmaceutical firm".

Neurodiscovery said the contract was expected to take about eight months to complete.

Neurosolutions will use its specialist pharmacology and electrophysiology expertise to test specific compounds from the client's compound library.

Neurosolutions' chief scientific officer Dr David Spanswick said his company was attracting business "from the major players in the pharmaceutical arena".

Neurodiscovery was unchanged at nine cents.

OCCUPATIONAL & MEDICAL INNOVATIONS

Occupational & Medical Innovations has signed a \$US3.12 million distribution agreement with Endomed Medical and Surgical Supplies from South Africa and Namibia.

Occupational & Medical said Endomed had been granted the right to market and distribute its branded Auto-Retractable Safety Syringe in South Africa and Namibia.

Occupational & Medical said the agreement extended over an initial three year period with minimum volumes and subject to achievement of performance targets a two year extension with minimums to be re-negotiated at that time.

The company's chief executive officer Matthew Austin said the South African prevalence of HIV among adults aged more than 15 years was more than 20 percent and rising.

Occupational & Medical said 2.5 percent of the HIV infections among health care workers were due to needle stick injury exposure at work.

The company said its Auto-Retractable Safety Syringe could play "a significant role in the reduction of such needle stick injuries and consequently the transmission of diseases".

Occupational & Medical climbed four cents or 13.33 percent to 34 cents.

BIO-MELBOURNE NETWORK

The Bio-Melbourne Network's September 10, 2008 workshop will examine business development with speakers from Acrux, Biota and Cytopia.

The Bio-Melbourne Network said successful business development managers "understand the business process thoroughly and undertake deal management with a very rigorous project management focus".

Acrux's director of business development Dr Nina Wilkins will introduce the business development process by talking about the planning and analysis required for a successful program.

The Bio-Melbourne Network said Dr Wilkins would cover identification and planning, prospecting and who to engage.

Biota's vice president of business development Dr Leigh Farrell will present on deal negotiation and relationship management.

The Bio-Melbourne Network said Cytopia's chief executive officer Andrew Macdonald would present on the lifecycle of a successful biotechnology deal, using his company's deal with Novartis as an illustration.

Mr Macdonald will discuss the key deal factors, covering the history of the transaction, the key factors that attracted Novartis and ongoing relationship management.

The Bio-Melbourne workshop will be held on September 10, 2008 at the University of Melbourne's Graduate House, 220 Leicester St, Carlton with registration from 8.45am.

For more information telephone Shane Hickey on +613 9650 8800 or email:

shickey@biomelbourne.org.

PROTEOME SYSTEMS

Oppenheimer Funds Inc has increased its substantial shareholding in Proteome Systems from 36,740,367 shares (16.39%) to 49,491,283 shares (19.95%).

The New York-based Oppenheimer Funds is a member of the Massachusetts Mutual Life Insurance Co and acquired shares in Proteome's recent 2.5 million share placement at 10.5 cents a share (see Biotech Daily; August 25, 2008).

Proteome was unchanged at 10.5 cents.

MESOBLAST

Mesoblast non-executive director, Michael Spooner, has sold 200,000 shares to exercise 1.1 million options.

In two director's interest notices to the ASX, Mr Spooner said he sold 200,000 of his 204,000 share holding at \$1.3009 a share, raising \$260,180.

Mr Spooner told Biotech Daily that he was awarded the options in his time as chairman of Mesoblast.

Mr Spooner exercised the options in two tranches at 60 cents and 65 cents for a total cost of \$695,000.

Mr Spooner directly holds 1,100,000 shares and has an indirect interest in 4,000 shares through a family trust.

Mesoblast was unchanged at \$1.23.

COMMONWEALTH SCIENTIFIC AND INDUSTRIAL RESEARCH ORGANISATION

Dr Megan Clark has been appointed the chief executive of the Commonwealth Scientific and Industrial Research Organization replacing Dr Geoff Garrett.

Dr Garrett will retire on December 31, 2008 and Dr Clark takes up her appointment "in January 2009".

The Minister for Innovation, Industry, Science and Research Senator Kim Carr and CSIRO's chairman Dr John Stocker announced the five year appointment.

Dr Clark is currently the vice-president of health, safety, environment, community and sustainability at the BHP Billiton mining company.

Dr Stocker said Dr Clark had "an impeccable record as a senior executive and a wealth of experience in the development and application of science and technology, making her an ideal fit for the CSIRO chief executive role".

A media release said Dr Clark began her career as a mine geologist and worked in mineral exploration, mine geology, research and development management, venture capital and technical strategy areas with WMC Resources over a 15 year period.

Dr Clark is on the advisory board of the Ian Wark Research Institute and a member of the St Vincent's Hospital Foundation Board.

PEPLIN

Peplin says its recently appointed chief executive officer Tom Wiggins will have a base salary of \$US350,000, but with no fixed term of employment.

Peplin said his salary would be reviewed each year and he would receive contributions to pension and other employee benefit plans, health and life insurance benefits and reimbursement of reasonable business expenses.

For 2008, Mr Wiggins is eligible for a cash performance bonus of \$US100,000.

For each subsequent calendar year, Mr Wiggins will be eligible to receive a cash performance bonus between \$US125,000 to \$US175,000.

Peplin said the amount would be determined by its compensation committee based on Mr Wiggins' achievement of certain individual performance goals and Peplin's achievement of certain operating, financial or other corporate goals.

Subject to shareholder approval, Mr Wiggins is eligible to receive a restricted stock award and stock options under Peplin's 2007 incentive award plan.

If Peplin experiences a "change of control" event which is both recommended by the board and approved by shareholders, Mr Wiggins will receive a payment of \$US500,000.

Either Peplin or Mr Wiggins may terminate Mr Wiggins' employment as CEO by giving 30 to 45 days written notice.

If Mr Wiggins continues to serve as chairman following his termination as CEO, he may still be eligible for his cash performance bonus and exercise vested stock awards.

Annual General Meeting

Peplin's annual general meeting will be asked to approve and implement the proposed acquisition of Neosil; approve the future placement of shares of common stock and warrants to GBS Venture Partners and other investors; re-elect Dr Gary Pace and James Scopa as directors for a three-year term; amend the company's 2007 incentive award plan; and approve the annual grant of employee options to directors.

The meeting will be held at the Marriott Hotel, 515 Queen St, Brisbane on October 6, 2008, at 9am.

Peplin was untraded at 46 cents.

AUSTRALIAN STEM CELL CENTRE

The Australian Stem Cell Centre says it is training young researchers to grow and use human embryonic stem cells and human induced pluripotent stem cells.

The Monash University-based Australian Stem Cell Centre said its 10th Human Embryonic Stem Cell Training Workshop would include training researchers about induced pluripotent stem cells, an Australian first.

The Centre said induced pluripotent (iPS) stem cells were “one of the most significant developments in stem cell research in recent times”.

The Centre said the workshop was “an intensive hands-on laboratory-based training course which allows four participants to gain valuable direct experience in culturing and analyzing human pluripotent stem cells”.

Participants of the workshop would gain the “knowledge and skills required to grow and expand human embryonic stem cells and iPS cells for use in research”, the Centre said. They would also gain general knowledge around the creation and analysis of stem cells and learn about how stem cells were turned into the different cell types of the body, such as heart cells or red blood cells.