



# Biotech Daily

Friday September 5, 2008

*Daily news on ASX-listed biotechnology companies*

- \* **ASX, BIOTECHS DOWN: SUNSHINE HEART UP 17%, BENITEC DOWN 10%**
- \* **POLARTECHNICS, GENERA, HEALTHSCOPE PARTNER ON HPV TEST**
- \* **STEM CELL CENTRE LOSES 7-MEMBER BOARD**
- \* **FEDERAL GOVERNMENT UNFOLDS RESEARCH 'ROADMAP'**
- \* **METABOLIC COMPLETING POLYNOVO DEAL**
- \* **DAVID SMITH REPLACES PEPLIN CFO PHILIP MOODY**
- \* **SOLBEC REQUESTS TRADING HALT**
- \* **SOLAGRAN DOWN 32% ON 'INFORMATION EVENING'**
- \* **CORRECTION: FLUOROTECHNICS**

## MARKET REPORT

The Australian stock market fell a further 2.0 percent on Friday September 5, 2008 with the All Ordinaries down 101.4 points to 4,949.5 points.

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

Sunshine Heart was best again, up one cent or 16.67 percent to seven cents on small volumes, followed by Phylogica up 6.98 percent to 9.2 cents.

Acrux and Antisense climbed more than four percent; Peplin and Progen were up more than three percent; Labtech rose 2.78 percent; with Pharmaxis and Phosphagenics up more than one percent.

Benitec led the falls, down 0.7 cents or 9.86 percent to 6.4 cents on very small volumes, followed by Starpharma down 9.43 percent to 24 cents with 1.9 million shares traded.

Viralytics lost 7.14 percent; Alchemia was down 6.25 percent; Genetic Technologies, Living Cell and Mesoblast fell five percent or more; Novogen was down 3.27 percent; Cochlear and Prana shed more than two percent; with Avexa, Biota, Clinuvel and CSL down more than one percent.

## POLARTECHNICS, GENERA, HEALTHSCOPE

Genera Biosystems and Healthscope will partner with Polartechonics to develop and launch its Cerviscreen self-sampling device for human papillomavirus.

In media releases to the ASX Genera and Polartechonics said human papillomavirus (HPV) was the cause of cervical cancer.

Genera said it would provide its proprietary Papttype HPV detection and genotyping assay for use in Polartechonics' Cerviscreen system in Australia, South-East Asia and Europe. Polartechonics said the test "could dramatically improve the detection rates of women at risk of developing cervical cancer".

Polartechonics said it expected that for the initial Australian launch women would be recommended for the Cerviscreen test by their doctors.

The company said women would perform their own vaginal swab using Polartechonics' Genswab collection device, provided in the Cerviscreen kit.

The swab would be sent to the Healthscope-owned Gribbles Pathology, to be tested for the presence of highrisk HPV using Genera's Papttype HPV detection and genotyping test. The results would be reported to the patient's doctor, who may recommend further tests, including a conventional Pap smear.

Polartechonics director and director of the Gynaecology Cancer Centre at Sydney's Royal Hospital for Women Prof Neville Hacker said that early feedback from doctors "indicated their support for a non-invasive self-sampling device that would supplement their efforts in maintaining and increasing participation in cervical cancer screening".

Polartechonics said human papillomavirus was "one of the most common sexually transmitted pathogens" and of the 14 "high-risk" human papillomavirus types known to cause cervical cancer, two types, 16 and 18, were the most prevalent in western countries, the company said.

Polartechonics said it elected to use the Genera Papttype test, as it could detect all high-risk human papillomavirus as well as determine which particular type was present.

Polartechonics said vaccines had been launched against human papillomavirus types 16 and 18, directed through government-supported national programs to mostly early teenage schoolgirls, raising awareness of the link between human papillomavirus and cervical cancer and of the need for regular screening even after vaccination.

Ongoing screening remains important as HPV types 16 and 18 account for only 70 percent of cases of cervical cancer, Polartechonics said.

"Cerviscreen will fulfil the ongoing need for community screening by drawing unscreened women to the medical profession whereby they will be more likely to avail themselves of cervical cancer screening services," the company said.

In Australia, the recommended Pap screening interval for women was every two years.

Polartechonics said about 40 percent of women had not had a Pap smear within the previous two years and a persistent level of non-screening was common to all markets. The company quoted studies that showed that of the women that would not present for Pap smears, about 90 percent would be prepared to self-sample for a human papillomavirus DNA screen if the opportunity were available.

Prof Hacker said Cerviscreen was "potentially an important advance in decreasing the mortality from cervical cancer".

Polartechonics said the target markets comprised at least 70 million non-screening women.

Assuming these women adopted Cerviscreen and tested once every five years, as is recommended for HPV screening by the medical profession, the potential revenue from the market was more than \$3.5 billion over a five year period.

Polartechonics chief executive officer Ben Dillon said his company had been exploring the optimal pathway to a commercial launch of Cerviscreen.

“Combining forces with Healthscope and Genera Biosystems provides a solid foundation for Cerviscreen’s success,” Mr Dillon said.

“Gribbles Pathology is already experienced in running the Papttype test and provides a high quality ‘back end’ to the Cerviscreen product,” he said.

Polartechtechnics said that subject to “a small clinical study and appropriate regulatory clearances” Cerviscreen was expected to be commercially available in Australia in the first quarter of 2009, with a roll-out in South East Asia and Europe to follow later in the year. Other jurisdictions could follow and discussions with potential distributors in a number of markets are in progress.

Genera chairman Fernando Careri said the three-way partnership was an important development for Genera.

“We’re very pleased that Polartechtechnics have selected Papttype for use in their Cerviscreen system,” Mr Careri said.

“Getting more women into the Pap smear program via an initial use of Cerviscreen is good medicine as well as good business,” Mr Careri said.

Genera develops products for other sexually-transmitted diseases, including Chlamydia and gonorrhoea, which it plans to launch within the next two years.

Mr Careri said Genera expected to place these and other Genera tests onto the Cerviscreen test menu.

Polartechtechnics was unchanged at 10.5 cents.

Genera was unchanged at 20 cents.

## AUSTRALIAN STEM CELL CENTRE

The Australian Stem Cell Centre board’s seven members have told the Federal Government that they intend to resign.

The board said “it had become apparent over a period that the ASCC’s stakeholders had abandoned the preferred model of an independent board, which had operated since 2002, in favor of a board structure which reflects stakeholder interests directly”.

The stakeholders are universities and major research institutions.

The board was chaired by Prof Vicki Sara and comprised Dr Barry O Jones, Prof Hugh Niall, Brian Gibson, Mark Richardson, Brian Watson and Prof Lawrie Powell.

In July the Centre sacked chief executive officer Prof Steven Livesey saying that “over the past few months differences have arisen between the board of the ASCC and Prof Livesey as to the future direction of the ASCC” (see Biotech Daily; July 30, 2008).

Today, the board said in a media release that its seven members “unanimously decided that it was in the Centre’s best interests that they resign”.

A review of the Centre found “issues of concern with its management and strategy”.

The board said it had “absolute confidence” in the Centre’s scientists and staff.

The board said “the best interest of the Centre would be served by a new independent board, which can give new leadership to the work of the Centre”. “The board hopes that its resignation will clear the way for the Federal Government to remove the uncertainty surrounding the Centre’s long-term financial future,” the board said.

“There is now general acceptance that the expectation of the previous government that the Centre would be financially self-sustaining after 2011 was unrealistic.”

“The board is discussing with the Federal Department of Innovation, Industry, Science and Research the administrative steps to effect its resignation to ensure there is an orderly transition without interference to the operations of the Centre,” the board said.

The Australian Stem Cell Centre is funded by the Australian and Victorian Governments and described itself as “Australia’s biotechnology centre of excellence”.

## FEDERAL GOVERNMENT

The Minister for Innovation, Industry, Science and Research, Senator Kim Carr, has released the 'Strategic Roadmap for Australian Research Infrastructure'

A Federal Government media release said the "roadmap" outlined Australia's research infrastructure needs over the next five to 10 years.

The media release said the document was developed by the Department of Innovation, Industry, Science and Research and the National Collaborative Research Infrastructure Strategy committee in consultation with the research community and State and Territory governments.

"The Rudd Government is committed to boosting the nation's innovation capacity to promote our economic and social development," Senator Carr said.

"It is important that the Government invests in infrastructure that meets the highest priority research needs; is accessible by researchers right across the innovation sector and enables research outcomes to be translated into national benefit," he said.

Senator Carr said the document would form an important input to the Government's White Paper response to the Review of the National Innovation System.

The media release said the document concluded that collaborative infrastructure funding was needed to support research into an environmentally sustainable Australia, biological discovery and health, frontier science and technology and safeguarding Australia.

Senator Carr's media release said increased emphasis should be placed on electronic research infrastructure, as information and communication technology underpins all areas of research and is an important enabler of collaboration between researchers.

Details are at: <http://www.innovation.gov.au/ScienceAndResearch/Pages/default.aspx>.

## METABOLIC, XCEED, CSIRO

Metabolic says it expects to complete due diligence and negotiations on its proposed acquisition of Polynovo Biomaterials in the next two weeks.

In July, Metabolic said it would acquire Polynovo from Xceed Capital and the Commonwealth Scientific and Industrial Research Organisation (see Biotech Daily; July 18, 2008).

Metabolic said due diligence had been "substantially completed" and all parties were involved in negotiations on the terms of the share acquisition agreement.

"It is expected that those negotiations will be finalized within two weeks," Metabolic said.

Metabolic was unchanged at 3.7 cents.

Xceed was untraded at seven cents.

## PEPLIN

Peplin's company secretary and senior director of finance David Smith will succeed Philip Moody as chief financial officer, effective immediately.

Mr Smith joined Peplin in 2004 as financial controller and was appointed company secretary and finance director in April 2006. He will continue as company secretary.

Peplin Chairman and chief executive officer Tom Wiggans said the appointment recognized Mr Smith's contribution to Peplin and allowed Mr Smith "to bring his experience, insight, and energy to an expanded range of management duties".

Prior to joining Peplin, Mr Smith worked for Duke Energy International in Brisbane and London, where he was group corporate accountant.

Mr Moody was appointed chief financial officer in 2006 and has resigned.

Peplin climbed 1.5 cents or 3.45 percent to 45 cents.

### SOLBEC PHARMACEUTICALS

Solbec Pharmaceuticals has requested a trading halt pending an announcement “relating to a cash generating business acquisition in healthcare”.

Trading will resume on September 9, 2008 or on an earlier announcement.

Solbec last traded at 1.8 cents.

### SOLAGRAN

Solagran fell 21 cents or 31.8 percent to 45 cents yesterday, following Wednesday night's investors information evening and posting materials from the evening to the ASX.

The meeting followed Solagran's announcement that the ANZ Bank had cleared the share overhang of 43 percent of the company's stock, acquired through the Opes Prime Stockbroking collapse (see Biotech Daily; April 4 and 10, 2008).

Solagran traded as low as 42.5 cents, a fall of 35.6 percent before closing at 45 cents with 4,231,723 shares traded.

Today, Solagran fell half a cent or 1.11 percent to 44.5 cents with 989,864 shares traded.

### CORRECTION: FLUOROTECHNICS

In last night's edition, Biotech Daily reported that Fluorotechnics' key discovery was in 1992. The correct year was 1994.

Prof Peter Bergquist was described as Macquarie University's deputy vice-chancellor, but he is a former vice-chancellor.

The mistake was made by a sub-editor who is lucky to still have a job, given the Fairfax contribution to available personnel.