



# Biotech Daily

Tuesday July 22, 2008

*Daily news on ASX-listed biotechnology companies*

- \* **ASX EVEN, BIOTECHS UP:  
SUNSHINE HEART UP 28%, PHYLOGICA DOWN 11%**
- \* **LIVING CELL: 'CLINICAL BENEFIT IN ALL TYPE 1 DIABETES PATIENTS'**
- \* **ANADIS RENEWS TEL AVIV IBD TRIAL**
- \* **CHEMGENEX EGM BACKS STRAGEN IP DEAL; CEO SCOTCHES RUMORS**
- \* **GENETIC TECHNOLOGIES BUYS FROZEN PUPPIES**
- \* **FAMILY COURT HEARS CALL TO HALT GIACONDA SHARE AGREEMENT**
- \* **SIRTEX APPOINTS DARREN SMITH INTERIM COMPANY SECRETARY**
- \* **ANTISENSE EGM VOTES ON PLACEMENT; CEO, DIRECTORS OPTIONS**

## MARKET REPORT

The Australian All Ordinaries Index climbed half a point on Tuesday July 22, 2008 up 0.1 percent to 5,075.9 points.

Fourteen of the Biotech Daily Top 40 stocks were up, 11 fell, 11 traded unchanged and four were untraded.

Sunshine Heart was best, up 1.2 cents or 27.91 percent to 5.5 cents on small volumes, followed by Chemgenex up 16 cents or 15.84 percent to \$1.17.

Avexa and Labtech climbed more than 12 percent; Optiscan and Pharmaxis were up more than 10 percent; Psivida was up 7.53 percent; Bionomics was up 6.35 percent; Cellestis climbed 4.8 percent; Polartech and Starpharma were up more than three percent; with Acrux, Impedimed and Universal Biosensors up one percent.

Phylogica led the falls, down 0.9 cents or 10.59 percent to 7.6 cents, followed by CSL down \$3.40 or 9.26 percent to \$33.30.

Benitec and Biota lost more than five percent; Mesoblast, Peplin and Viralytics fell four percent or more; Agenix was down 3.13 percent; Ventracor shed 2.22 percent; with Alchemia, Arana, Cochlear and Prana down more than one percent.

## LIVING CELL TECHNOLOGIES

Living Cell says interim results show clinical benefit in all type 1 diabetes patients dosed with Diabecell encapsulated porcine islet of Langerhans cells.

Living Cell medical director Prof Bob Elliott said "clinical benefit has been observed in all five patients receiving the lowest dose which has far exceeded our expectations".

"In the first group, following Diabecell implants we have seen reductions in daily insulin requirements ranging from 23 percent to as much as 100 percent while maintaining good control of blood glucose levels in four out of five patients," Prof Elliott said.

The trial has been expanded to a second group of five patients and the sixth patient in the trial has been implanted with the higher dose of 10,000 IEQ/kg.

Five patients in the first group received the lowest dose of 5,000 islet equivalents (IEQ/kg) and two of them have received a second implant of the same dose.

The company said no remarkable adverse events had occurred during the trial, enabling it to meet clinical milestones in relation to safety for up to 12 months follow up.

"In patients who have had the longest follow-up period, we have seen reductions in insulin requirements of 24 percent and 54 percent being maintained at 12 and 11 months in the first two subjects respectively," Prof Elliott said.

"We have also reported the detection of porcine insulin in blood samples of patients confirming that the implanted islets remained functional at six months and 11 months after the first implant," he said.

"Improvement in blood glucose control in the group is reflected by the mean glycated hemoglobin (HbA1c) level which fell from 8.5 percent pre-implant to 6.8 percent at the time of last measurement," Prof Elliott said.

"The lowest patient response was a 10 percent maximum reduction in daily insulin requirement," he said.

"The patient's HbA1c dropped markedly however, from 10.1 to 7.3 following the implant," Prof Elliott said.

"This result indicates better blood glucose control after treatment with Diabecell and continuous glucose monitoring has confirmed this," he said.

"The swings in blood glucose levels and his diabetes control have improved dramatically not with more but with a smaller insulin dose and the lowest dose of Diabecell," Prof Elliott said.

"The magnitude and duration of clinical responses observed with the lowest dose leads us to expect that higher doses of Diabecell will support greater and longer term reductions in the insulin needs of patients," Prof Elliott said.

Living Cell's chief executive officer Dr Paul Tan said the results prompted an expansion of pig breeding facilities to supply Diabecell for clinical and commercial programs.

The trial is under way in Moscow and is intended to enroll a total of 10 patients with type 1 diabetes who have given informed consent for their participation and is being monitored by a US-based contract research organization.

Patients receive one implantation of Diabecell at the lowest dose expected to demonstrate a measureable improvement in glucose control and need for insulin among other parameters at the commencement of the treatment and again following an additional implant six months later.

The parameters measured pre and post-implant include daily insulin dose; continuous glucose monitoring; haemoglobin A1c to indicate average blood glucose over a two-month period; porcine insulin in blood after a standard stimulus; frequency of episodes of low blood glucose; and patient satisfaction.

Living Cell was unchanged at 20 cents.

## [ANADIS](#)

Anadis has begun a clinical trial at Tel Aviv Sourasky Medical Center to explore the efficacy of a colostrum-derived polyclonal antibody for inflammatory bowel disease. Anadis first announced the beginning of this trial a year ago (see Biotech Daily; June 7, 2007).

The company said the first patients had been recruited to the trial which is expected be completed during 2009.

The trial is an open study to confirm and expand upon human clinical data obtained from a pilot study at St Vincent's Hospital in Melbourne, which ended recently.

Anadis said it intended to launch its colostrum-derived product as a medical food or nutritional immediately following the Tel Aviv trial.

Tel Aviv Sourasky Medical Center is one of Israel's largest hospitals and is a teaching and research center affiliated with the Sackler School of Medicine at Tel Aviv University.

Anadis fell 2.2 cents or 29.33 percent to 5.3 cents.

## [CHEMGENEX](#)

Chemgenex shareholders overwhelmingly supported the acquisition of the intellectual property associated with lead drug omacetaxine mepesuccinate from Stragen Pharma.

A total of 116,294,480 proxy votes were cast in favor of the issue of 37,235,343 shares to the Switzerland-based Stragen in return for control of the intellectual property associated with omacetaxine mepesuccinate with just 336 votes against the proposal.

A show of hands of the several voters in the room gave the resolution unanimous support.

Omacetaxine mepesuccinate (formerly Ceflatonin or homoharringtonine) is in the final stages of a phase II/III clinical trial in chronic myeloid leukemia patients with the T315I mutation for whom there are currently no effective drug treatment.

Chemgenex chief executive officer Dr Greg Collier told the EGM that Stragen will be offered one position on the board.

"If the person agrees it will be the lead person we've been dealing with at Stragen," Dr Collier said.

The meeting's host, GBS Ventures principal and Chemgenex director Dr Geoff Brooke, said that the deal struck with Stragen gave it 16.6 percent of the post-allocation shares in Chemgenex and cleared the ownership of all the intellectual property to Chemgenex without residual royalty rights.

Stragen will benefit from Chemgenex success through its shareholding and the manufacture of omacetaxine.

Asked about media speculation that Chemgenex was being prepared for sale, Dr Collier said "getting all the ducks in a row [has] not been to set ourselves up for an acquisition but to be a strong biotechnology company".

He described the process of spinning out non-core assets like the metabolic drug research to Verva Pharmaceuticals and acquiring the omacetaxine intellectual property.

"The focus has been to get us in the strongest position as a company," Dr Collier said.

"We've been in discussions with lots of companies. We are constantly in discussions," Dr Collier said.

Asked about funding given Chemgenex's cash burn of \$4 million to \$5 million a quarter, Dr Collier said the company would have to partner or have a capital raising by September.

Dr Brooke said the GBS model was to fund its investments according to the achievement of milestones.

Chemgenex was up 16 cents or 15.84 percent to \$1.17.

Biotech Daily editor David Langsam owns Chemgenex shares and attended the meeting.

## GENETIC TECHNOLOGIES

Genetic Technologies has acquired Frozen Puppies Dot Com which it describes as "Australia's foremost provider of canine reproductive services".

Genetic Technologies says the Calga, New South Wales based Frozen Puppies "uses a proprietary system of canine semen collection, freezing and artificial insemination to significantly improve conception rates and litter sizes".

The company said the system enabled Frozen Puppies to consistently deliver conception rates of more than 90 percent.

Genetic Technologies said Frozen Puppies provided an online frozen semen bank of pre-assessed canine semen as well as an import/export service for breeders.

Genetic Technologies chief executive officer Michael Ohanessian said Frozen Puppies served "the same customer base that we do for our canine genetic testing business and for essentially the same purpose - greyhound and pedigree dog breeders who are trying to improve their breeding outcomes".

"We assist breeders by ensuring that puppies are of known parentage and clear of important hereditary diseases," Mr Ohanessian said.

Genetic Technologies has acquired 100 percent of the issued share capital of Frozen Puppies for 12,254,902 Genetic Technology shares and payment of \$153,160 in cash.

Genetic Technologies has advanced \$346,840 in loan funds to Frozen Puppies to enable shareholder loans to be repaid and employment agreements have been executed between Genetic Technologies and the five principals of Frozen Puppies.

Genetic Technologies said it would expand the service throughout Australia and into Asia in conjunction with its suite of DNA-related tests for the canine breeder market.

It is expected that the acquisition will be accretive to earnings per share in year two, the company said.

Voluntary restriction agreements have been executed with all former Frozen Puppies shareholders with 80 percent of the 12,254,902 shares subject to voluntary escrow and to be released in four equal tranches over 24 months from the date of the issue.

Genetic Technologies was unchanged at 8.5 cents.

## GIACONDA

Giaconda has been joined in Family Court proceedings involving 69 percent shareholder Prof Thomas Borody and his former wife, the applicant in the proceedings.

Prof Borody's former wife, who cannot be named, is seeking a number of orders including that Prof Borody be restrained from dealing with, transferring or encumbering his shares in Giaconda including entering a restriction agreement without the applicant's consent or order of the court; and the restriction agreement between Prof Borody, Giaconda and Australian Medical Therapy Investments be set aside.

Giaconda said the agreement was entered to place Prof Borody's shares in escrow as part of the proposal by Australian Medical Therapy Investments to subscribe for shares in Giaconda (see Biotech Daily; July 18, 2008).

Giaconda intends to oppose the agreement being set aside.

Giaconda was untraded at 28 cents.

## SIRTEX

Sirtex has appointed Darren Smith as company secretary from today,

Mr Smith replaces Angela Axisa who is taking six months maternity leave.

Sirtex was untraded at \$2.76.

## ANTISENSE

Antisense shareholders will vote on the prior issue of 37,500,000 shares and 18,750,000 options as well as the free issue of options to all directors.

The \$2.25 million placement was to Firebird Global Master Fund and Circadian Technologies through subsidiary Polychip Pharmaceuticals as well as to Canadian merchant bank Powerone Capital Markets (see Biotech Daily, April 16, 2008).

The meeting will vote on whether to issue 3,000,000 options at a nil exercise price vested in three tranches to Antisense chief executive officer Mark Diamond.

The meeting will also vote on the issue of \$15,000 worth of free options valued at the five day volume weighted average price at June 30, 2008 (about six cents an option) to each of the directors Robert Moses, Prof George Werther, Dr Chris Belyea and Prof Graham Mitchell.

The meeting will be held at Computershare, 452 Johnston St, Abbotsford, Victoria on August 26, 2008 at 10am.

Antisense was unchanged at 6.5 cents.