



Biotech Daily

Wednesday May 7, 2008

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECHS DOWN: NEUREN UP 10%; AGENIX DOWN 9%**

- * **STARPHARMA'S DR JACKIE FAIRLEY
- LEADER OF THE DENDRIMER PACK**

- * **PHOSPHAGENICS RAISES \$9.1m**

- * **XCEED REVIEW; APPOINTS DR STEWART WASHER EXEC DIRECTOR**

- * **RUSSIAN MARKETING APPROVAL FOR ATCOR**

- * **AVANTOGEN COMPLETES SUPPLEMENTS CONTRACT**

- * **BIOPHARMICA APPOINTS DEBORAH AMBROSINI COMPANY SECRETARY**

- * **ANZ SELLS 242k OPES PRIME BIOPROSPECT SHARES, 124m TO GO**

MARKET REPORT

The Australian stock market slipped 0.3 percent on Wednesday May 7, 2008 with the All Ordinaries down 20.1 points to 5,757.8 points.

Thirteen of the Biotech Daily Top 40 stocks were up, 16 fell, six were unchanged and five were untraded.

Neuren was best, up one cent or 10 percent to 11 cents on small volumes, followed by Universal Biosensors up 3.5 cents or 4.12 percent to 88.5 cents.

Chemgenex, Cytopia and Proteome climbed more than three percent; Alchemia, Arana, Benitec, Mesoblast and Novogen were up more than two percent; with Antisense, Avexa and Clinuvel up more than one percent.

Agenix led the falls down 0.8 cents or 8.89 percent to 8.2 cents on modest volumes followed by Optiscan down two cents or 6.67 percent to 28 cents.

Bionomics lost 5.33 percent; Circadian and Prana fell more than four percent; Phosphagenics fell 3.03 percent, Biota, Living Cell, Peplin, Polartechnics, Psivida and Starpharma shed more than two percent; with Acrux, Cellestis and Heartware down more than one percent.

CEO INTERVIEW: DR JACKIE FAIRLEY

Dr Jackie Fairley comes from a medical family. Her grandfather and all his brothers were doctors. Both parents were doctors. Mum, Prof Priscilla Kincaid-Smith, ran the Royal Melbourne Hospital's renal unit. Both brothers Kit and Stephen are doctors and husband Ian Fraser works at Mum's alma mater.

So with a world open to her after graduating as one of the first girls at Geelong Grammar she chose to study Science and later Veterinary Science.

It wasn't the first sign of individualism and determination. Aged 10 she told her Melbourne-residing parents that she wanted to go to boarding school, a path generally forced on country children and those whose parents were overseas.

Jackie started at The Hermitage in Geelong, which amalgamated with Geelong Grammar in 1976. On holidays at the family farm, Jackie survived riding her trail bike up and down the steep hills of the Otways. She says she was a better rider than a pillion passenger. From school she started her BSc at the University of Melbourne, aged 16, majoring in pharmacology and pathology.

"I didn't want to do research. I was accepted into Medicine and Veterinary Science and was a bit rebellious, so coming from my family, I did Veterinary Science!"

General practice with Armadale's cats and dogs was "a bit like a cross between being a carpenter and a seamstress" and the surgery required a dexterity she felt she didn't have. She married renal specialist Dr Ian Fraser in 1988 and the following year made the jump to working in regulatory affairs at the then Commonwealth Serum Laboratories, now CSL, where she worked on developing recombinant proteins. While at CSL she began her Masters of Business Administration at the Melbourne Business School where she was somewhat shocked by the overt sexism from some staff and fellow students, who retained prehistoric notions that women "couldn't do finance" and "didn't belong on boards".

It was a stark contrast to science where outcomes were more measurable and women were in far greater numbers.

Despite winning the 1992 Clemenger Medal for topping her class she was not recommended by her lecturer for a job at a leading bank. Nor were any of the other three women in the top eight of the year. Eight males were recommended to the bank. In her acceptance speech, Jackie noted the discrimination in the nicest way. Just 20 percent of the MBA intake were women. The last three Clemenger Medal winners were all women. "The outputs of science are more easily measurable," she says. "There are more women in science than business.

"I loved the MBA. It was an incredible amount of work. I got a whole lot of academic prizes and the fees were not cheap, but I think I made a profit on it."

She went back to CSL as a business development manager and in 1994 joined Faulding in the same capacity developing injectable oncology products, prior to taking over as head of the regulatory group.

Along the way she had two children, James and Sophie.

"When I left in 2000, the group had 120 staff in global product development which included working with the FDA and work on generics."

For six months she worked on a venture fund but was approached by Geoff Brooke (GBS Ventures) and Michael Panaccio (Starfish Ventures) to join Cerylid as CEO, screening Australian flora and fauna for novel drugs.

She was appointed Starpharma's chief operating officer in March 2005 and replaced Dr John Raff as CEO on July 1, 2006.

Jackie Fairley pauses after an hour of conversation to point out that the interview had concentrated on her and not her company. She wants to talk Starpharma and Vivagel, not about herself.

She compares Vivagel to other microbicides and says it is difficult to comprehend how Carraguard managed to get to a phase III trial while showing little if any efficacy.

"Vivagel is one of the few microbicides that work. It is one of the best performing in vitro and in vivo animal studies," Dr Fairley says.

"I'm not really surprised Carraguard failed. It wasn't very potent in vitro and not at all in vivo and went all the way to phase III trials and it's hard to find the data," she noted.

Vivagel's active ingredient SPL7013 appears to be potent against HIV, herpes simplex virus 2 (HSV-2), as well as a contraceptive. It is in development with two condom manufacturers as a coating to replace nonoxynol 9.

But the Vivagel plastic applicator has been questioned on cost, ease of use and its environmental impact, particularly for the developing world, where poverty and AIDS are great concerns. It is an uncomfortable subject for Jackie Fairley. She says a measured dose is required deep in the vagina, apparently disallowing its use as lubricant gel. Even in US trials, non-compliance has been an issue.

For those who do comply with Vivagel there are multiple benefits. Jackie Fairley says 30 to 50 percent of "all new HIV infections in Africa" are due to prior infection of HSV-2, which causes lesions making people more susceptible to HIV infection.

But Starpharma's lead product is just the first application of an entirely new delivery platform.

Dr Fairley says dendrimers are synthetic large spherical molecules, are made up of a series of layers and the surface can hold different drugs.

"They are versatile and can be drugs in themselves. Vivagel is a dendrimer as a drug in itself.

"The surface is made up of anti-viral groups binding to receptors on the surface of a virus rendering it incapable of binding to human cells.

"Dendrimers can be versatile like silicone," she says.

Dr Fairley said the November 2006 takeover of the US based Dendritic Nanotechnologies (DNT) was a perfect fit because the two companies had been working in parallel and in collaboration since 2002.

The acquisition brought the Dow Chemical Company on board as a major investor. She says the DNT deal with Dade Behring has dendrimers in Dade Behring's Elisa test kits orienting the antibody and making them "much more sensitive and specific with fewer false positives and fewer false negatives".

Dr Fairley said dendrimers can be used for novel drugs but can also be used to enhance existing drugs, which also made them a delivery device.

In pre-clinical work dendrimers loaded with an anticancer therapeutic can be injected intravenously. They travel to the tumor and become concentrated and then release their anti-cancer drug.

"This is a really valuable application of the dendrimer platform," she said.

She says acquiring DNT gave Starpharma a commanding lead in developing the technology.

"We have a really dominant IP portfolio that includes more than 100 patents and Dow's entire dendrimer portfolio, in which they invested about \$40 million.

"We are the only company to take dendrimers to the clinic and we are the only company that can make the material in a pure enough and reproducible form to meet FDA requirements.

"There are other academic groups and some researchers in large pharmaceutical companies, but we are definitely the leader in terms of numbers of patents, deals and portfolio."

Starpharma fell one cent or 2.99 percent to 32.5 cents.

PHOSPHAGENICS

Phosphagenics has raised \$9.1 million through a placement of 60.6 million shares to institutions and sophisticated investors at 15 cents a share.

Phosphagenics' chief executive officer Harry Rosen said that the company was very pleased with the response from investors.

"The funds raised considerably strengthen the company's financial position and together with government grants and other revenue will support Phosphagenics' research and development programs through to the end of calendar year 2009," Mr Rosen said.

It is expected that trading in the new shares on the Australian Stock Exchange will commence on or around May 12, 2008.

Phosphagenics fell half a cent or 3.03 percent to 16 cents with 24.8 million shares traded.

XCEED

Xceed Capital has announced a change of plans and appointed Dr Stewart Washer as an executive director.

Xceed said Dr Washer had "an outstanding track record" in biotechnology and commercialization, most recently as chief executive officer of Phylogica.

Dr Washer has extensive international capital market experience having raised more than \$100 million in private shareholder and government funds.

Yesterday, Xceed said its 64 percent owned subsidiary Polynovo was "actively pursuing alternative funding avenues" for its next phase of growth including direct investment of private equity".

Xceed said the Polynovo demerger and initial public offer was "no longer being actively pursued due to the changes in equity markets" since the original proposal in July 2007.

The company said Polynovo "continued to make excellent progress" towards the commercialization of its Novosorb technology, with the recent signing of a third major partnering deal with Smith and Nephew Inc.

Xceed's wholly-owned subsidiary Boron Molecular had made "solid progress resulting in a strong cash position and the current manufacturing facility approaching full capacity".

Boron will invest in a 630L reactor to increase manufacturing capacity which is expected to be operational by the end of 2008.

Xceed will seek new investment opportunities to expand its portfolio of investments together with a review its ongoing capital requirements.

Xceed was untraded at 10 cents.

ATCOR

Atcor says Russian marketing approval could lead to sales of 400 Sphygmocor systems over the next three years

Atcor said it received formal certification from the Russian Ministry of Health, allowing it to market its Sphygmocor non-invasive central blood pressure systems throughout Russia.

Atcor chief executive officer Duncan Ross said that through the company's Russian partner Polyservice the "first sales to Russian customers are in process with deliveries scheduled this quarter".

The company said the market potential over the next three years in Russia for Sphygmocor systems "could be up to 400 systems".

Atcor markets and supports Sphygmocor in 25 European countries and plans to enter additional markets in the region and the Middle East.

Atcor was unchanged at 8.3 cents.

AVANTOGEN

Avantogen has completed development and formulation of a range of Encore food supplements.

Avantogen chairman, Dr William Ardrey said the Encore therapeutic vitamins were designed by doctors, based on the scientific evidence and promised to deliver safe and effective nourishment at the cellular level to patients recovering from health challenges, or people who are striving to lead the healthiest possible lifestyle.

He said the project, stemming from the earlier Revisys product line, renamed Encore and partnered with the US based Medingen Group, had been completed on time and on budget.

Dr Ardrey said the company had delivered “another innovative product with strong promise to users for achieving their health goals”.

“This important milestone on the nutraceutical product line follows a recent set of other successes in the oncology and vaccine products,” Dr Ardrey said.

“It is a direct outcome of the partnership with Medingen ...which as a licencing partner brings marketing and product expertise in the \$US4 billion therapeutic vitamin market,” he said.

Dr Ardrey said the related vaccine development company Hawaii Biotechnology had been offered a “seven-figure grant funding” for its Dengue vaccine program by the Pediatric Vaccine Initiative which was backed by the Bill and Melinda Gates Foundation.

He said the offer followed regulatory success with the US Food and Drug Administration to begin treating patients with the West Nile Vaccine.

Hawaii Biotechnology also owns a recombinant DNA manufacturing facility for making vaccines in large quantities and has other vaccine programs including seasonal influenza.

The company had licenced the pancreatic cancer drug RP101 and received a seven-figure up-front payment from Sciclone which has begun phase IIb trials.

Success with RP101 could provide additional milestone and royalty payments.

Avantogen fell 0.3 cents or 4.76 percent to six cents.

BIOPHARMICA

Biopharmica has appointed Deborah Ambrosini as company secretary replacing David Breeze, who continues as chairman of the board.

Biopharmica was untraded at 4.6 cents.

ANZ OPES PRIME

The ANZ Bank has sold the first 242,071 of its 124,484,003 Opes Prime-related Bioprospect shares leaving it with 124,216,932 shares or 25.5 percent of the company.

In a notice to the ASX the Bank said it had not sold any more Incitive shares leaving it with 2,945,400 shares (6.3%).

The Bank did not sell any more ordinary Solagran shares leaving it with 55,904,162 ordinary shares or 42.4 percent of the company nor any of the 9,828,258 partly paid Solagran shares or 20.4 percent of the share issue.