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Biotech gets the treatment

IN the biotechnology sector, single purpose companies seem to be the flavour of the month — and a great idea.

Which is why Chemgenex yesterday announced plans to concentrate on its innovative cancer drugs and spin off its diabetes and obesity research into a separate company.

Chief executive Dr Greg Collier said it was an appropriate move as Chemgenex's family of cancer drugs got closer to approval.

"As you concentrate on clinical development, it starts to become a lot more expensive," Dr Collier said.

"In the early days you get the luxury of looking at a whole range of potential compounds."

With its lead product to treat

chronic myeloid leukemia now in Stage 2/3 trials, Dr Collier said it was a perfect time to sharpen the focus of the company.

Chemgenex has an interesting approach to cancer treatment, tailoring medicines to a patient's genetics to sharply reduce toxicity problems.

Under the proposal to be put to Chemgenex shareholders on November 28, the metabolic diseases research will be spun off into the listed Verva Pharmaceuticals by early next year.

Chemgenex shareholders will get one share in Verva for every five Chemgenex shares they hold.

Also folded into the mix is Adipogen Pharmaceuticals whose investors, including Queensland BioCapital Fund, GBS Venture

Partners and UniSeed, will act as cornerstone investors.

Adipogen chief executive Dr Vince Wachter will head Verva while Dr Collier will be on its board.

Dr Collier said he was excited about the metabolic research in Verva and hoped the renewed focus would allow for clinical trials in the next year.

As for the chance of Chemgenex or Verva growing further by acquisition Dr Collier said that was a possibility that could not be ruled out.

"The Chemgenex board has always looked to create value through acquisitions, mergers and demergers so I think we will continue to look at all opportunities."

Chemgenex shares rallied 5¢ or 4.6 per cent to \$1.14 on news of the reorganisation.



Tailored approach: Dr Greg Collier says it makes sense now to give the company a sharper focus.