Biotech Daily

Wednesday June 16, 2010

Daily news on ASX-listed biotechnology companies

*** ASX, BIOTECH UP: BENITEC, CATHRX UP 9%, LBT DOWN 23%**

*** PAPER SHOWS BENITEC'S ddRNAi POTENTIAL FOR LUNG CANCER**

*** GIACONDA SELLS ASSETS TO REDHILL FOR $578k; AMTI DROPPED**

*** HELICON PLACEMENT RAISES $162,516; RIGHTS ISSUE for $1.875m**

*** PASSPORT DISCLOSES AVEXA HOLDINGS**

*** TYRIAN, BAYER SIGN WHEAT TEST SUPPLY AGREEMENT**

MARKET REPORT

The Australian stock market climbed 1.2 percent on Wednesday June 16, 2010 with the S&P ASX 200 up 54.0 points to 4559.0 points.

Seventeen of the Biotech Daily Top 40 stocks were up, 10 fell, eight traded unchanged and five were untraded.

Benitec and Cathrx were best, both up 9.1 percent, with Benitec up 0.3 cents to 3.6 cents with 195,240 shares traded and Cathrx up two cents to 24 cents with 137,500 shares traded.

Virax climbed 5.1 percent; Bone was up 4.55 percent; Optiscan and Tissue Therapies were up more than three percent; Acrux, Alchemia and Viralytics rose more than two percent; with Chemgenex, Mesoblast, Pharmaxis and Sirtex up more than one percent.

LBT led the falls, down 1.8 cents or 23.1 percent to six cents with 133,273 shares traded.

Phosphagenics fell 6.9 percent; Patrys fell 4.35 percent; Biota, Cellestis, Clinuvel, Genera and Novogen shed more than two percent, with Nanosonics down 1.8 percent.

BENITEC

Benitec says a journal article has reported that its DNA-directed RNAi technology suppresses beta III-tubulin in a human lung cancer model in mice.

Benitec says the paper entitled 'Beta-tubulin is a multifunctional protein involved in drug sensitivity and tumorigenesis in non-small cell lung cancer' was published in the journal Cancer Research online on June 15, 2010 and an abstract is available at: http://cancerres.aacrjournals.org/content/early/2010/05/25/0008-5472.CAN-09-4487.abstract.

The article's authors led by the University of New South Wales Children's Cancer Institute senior researcher Prof Maria Kavallaris examined the association between beta tubulin and chemotherapy resistance in cancers.

The authors reported that the beta III-tubulin protein had a key role in the pathobiology and aggressiveness of human lung cancer by influencing drug sensitivity, tumor incidence and progression.

Benitec said the researchers demonstrated in a mouse model of human lung cancer that suppressing beta III-tubulin, by using the company's DNA-directed RNAi (ddRNAi) technology, significantly increased the sensitivity of the cancer to standard chemotherapy drugs, including DNA-damaging agents.

The company said that the researchers found that suppressing beta III-tubulin decreased the incidence and progression of lung cancer independently of chemotherapy drugs.

Benitec said the paper concluded that the results gained from ddRNAi directed to beta III-tubulin in non-small cell lung cancer had "direct clinical relevance and raise the possibility that future therapeutic strategies aimed at specifically blocking beta III-tubulin activity may have the dual advantage of suppressing lung cancer growth while enhancing the chemosensitivity of the tumor cells".

In a media release from the University of New South Wales Prof Kavallaris said the findings could advance treatment approaches for non-small cell lung cancer.

"Traditionally, non-small cell lung cancer is often treated with drugs that target tubulin, important proteins involved in cell division, along with drugs that damage the cellular DNA and destroy tumor cells," Prof Kavallaris said.

"The prognosis for patients with advanced non-small cell lung cancer continues to be dismal as the tumors frequently become resistant to this drug therapy.

"By understanding more about what beta III-tubulin does and the role it plays in countering drug resistance we can improve the efficacy of these drugs," Prof Kavallaris said. "Of particular significance, we also found that suppressing beta III-tubulin decreased the incidence and progression of lung cancer independently of chemotherapy drugs."

"This is an important piece in the puzzle and has direct clinical relevance for the more than 9000 Australians diagnosed with non-small cell lung cancer every year," Prof Kavallaris said.

Benitec's chief executive officer Dr Peter French said Benitec had the worldwide rights for ddRNAi.

Benitec said that non-small cell lung cancer accounted for more than 80 percent of all lung cancers.

The company began its collaboration with Prof Kavallaris last year (BD: Oct 1, 2009) and said that beta III tubulin was a microtubule-associated protein that was significantly increased in a range of cancer cells, including non-small cell lung cancer cells.

Benitec said the first line therapy for non-small cell lung cancer included a combination of tubulin-binding agents such as taxanes and vinca alkaloids and DNA-damaging agents such as cisplatin, carboplatin, doxorubicin and etoposide, but the tumors rapidly became resistant to these drugs.

Benitec was up 0.3 cents or 9.1 percent to 3.6 cents.

GIACONDA

Giaconda says it will sell Myoconda, Heliconda and Picoconda to Israel's Redhill Biopharma for $US500,000 ($A577,800) and seven percent of net sales.
The company said it had dropped the proposed sale of Giaconda to Australian Medical Therapy Investments.
Giaconda said Redhill was an Israeli company focused on acquisition and development of late clinical-stage new formulations of existing drugs.
The company said the sale of Myoconda, Heliconda and Picoconda was subject to due diligence, a formal binding agreement, shareholder approval and regulatory approvals.
Giaconda said it was intended that a formal agreement would be closed by mid-July.
Giaconda said it would receive an upfront payment of $US500,000; seven percent of net sales received by Redhill from a commercialized treatment after certain costs were deducted; along with 20 percent of sub-licencee sales royalties received by Redhill.
Giaconda said Redhill would conduct "a robust clinical trial program" for the compounds.
Giaconda chief executive officer Patrick McLean said the proposed sale "allows Giaconda to maximize the return to shareholders" while securing a partnership with a company with a track record in commercializing pharmaceutical products.
Giaconda said Australian Medical Therapy Investments failed to complete the agreement to acquire Myoconda by May 17, 2010 and Giaconda decided to terminate the agreement.
In July 2008, Giaconda it hoped to raise up to $40 million through the issue of 100,000,000 shares to Australian Medical Therapy Investments (BD: Jul 18, 2008) but the deal was delayed and earlier this year Giaconda said it would sell its Myoconda intellectual property to Australian Medical Therapy Investments for $928,000 (excluding GST) plus five percent of net sales (BD: Mar 9, 2010).
Giaconda was untraded at three cents.

HELICON GROUP

Helicon has placed 13,001,277 shares to clients of CPS Securities at 1.25 cents a share raising $162,516 and hopes to raise $1,875,000 in a three-for-two rights issue.
Helicon said the fully underwritten non-renounceable rights issue at 1.25 cents a share to shareholders at the record date, expected to be June 30, 2010.
The company said the rights issue was underwritten by the Perth-based CPS Securities, established by Tony Cunningham.
Helicon said it expected to formally announce the rights issue on June 22, 2010.
Helicon has previously said it was investigating business opportunities and continued to do so and re-capitalization would "better position the company to secure a quality project".
Helicon said that a well-priced underwritten rights issue was "a sensible precursor to a project acquisition and would place the company in a stronger financial and negotiating position".
The company said it would also place 25 million options to CPS Securities and its clients exercisable at one cent, subject to shareholder approval at an extraordinary general meeting of shareholders, expected to be held during July 2010.
Last month Helicon and Avita ended their agreement to distribute Recell in China, which followed the rejection by China's State Food and Drug Administration of two other products Helicon had wanted to distribute (BD: May 31, 2010).
Helicon's chief executive officer Peter Abrahamson said at that time the company had been "actively looking for other projects, not necessarily in health care or biotechnology".
Helicon fell 0.2 cents or 11.1 percent to two cents.

AVEXA

The Passport Global Master Fund has filed a ceasing substantial shareholder notice in Avexa disclosing its holdings from May 19, 2006 to January 30, 2007.

Passport and associated companies, Partners Group, John H Burbank III and others of the British Virgin Islands, Guernsey and San Francisco said they acquired 3,625,000 shares through the conversion of rights for $870,000 or 24 cents a share on May 9 and 19, 2006, taking their total holding in Avexa to 18,125,000 shares.

The issue of Passport's holding in Avexa arose last month after former Passport portfolio manager Uri Ratner was appointed to the board and Avexa said that he represented its largest shareholder (BD: May 20, 2010).

Biotech Daily discovered that there had been no changes to substantial shareholding or ceasing substantial shareholding notices reported to the ASX by Passport.

Last night's notice said that Passport and its associated companies increased their holding to a peak of 19,119,463 shares (9.66%) on October 17, 2006, reducing to 9,535,421 shares (3.86%) on January 30, 2007.

Apart from reducing its holding, Passport was also diluted by a share purchase plan that raised $9.75 million in December 2006 (BD: Dec 8, 2006).

Last month, Avexa closed its lead program developing apricitabine for HIV, announced the resignation of chief executive officer Dr Julian Chick and said it had received a call to remove chairman Nathan Drona (BD: May 10, 2010) from the board. On May 20, Avexa said the call to remove Mr Drona included "a resolution that any board member appointed between May 6, 2010 and the date of the general meeting be removed".

Avexa said that Mr Ratner's appointment would be subject to a removal resolution.

The extraordinary general meeting is scheduled for July 6, 2010.

Avexa was unchanged at three cents with 1.7 million shares traded.

TYRIAN DIAGNOSTICS

Tyrian says it has signed a manufacturing and supply agreement with Bayer Cropscience AG to supply its Readrite agricultural diagnostic tests.

Tyrian did not quantify the value of the agreement, but said it would be the exclusive supplier of finished agricultural diagnostic products being developed using its Diagnostiq test platform, licenced to Bayer under an earlier agreement.

The company said the Readrite product portfolio included the RR-AA test for wheat quality which was launched in Canada last year.

Tyrian said a second crop diagnostic product had completed proof-of-concept studies and was undergoing field trials.

The company said the first test kits to be supplied under the new agreement were destined for sale in the Canadian market in the second half of 2010.

Tyrian said it earned royalties on sales of products under its agreement with Bayer Cropscience and would increase its revenue on this product line through a margin on manufacturing.

Tyrian previously developed diagnostics for prostate cancer and active tuberculosis.

Tyrian was up 0.1 cents or 10 percent to 1.1 cents with 5.85 million shares traded.