



Biotech Daily

Thursday February 17, 2011

Daily news on ASX-listed biotechnology companies

- * **ASX UP, BIOTECH DOWN: PRANA UP 21%; BIOTA DOWN 14%**
- * **BIONICHE, ENDO ENROL 1st UROCIDIN BLADDER CANCER PATIENT**
- * **USCOM SHARE PLAN RAISES \$265k OF HOPED FOR \$2m**
- * **PHYLOGICA, ROCHE EXPAND NEUROLOGICAL PHYLOMERS; MILESTONE**
- * **LAST STEP APPROVING BENITEC'S US GRAHAM '099 PATENT**
- * **ORBIS SELLS 2m STARPHARMA SHARES FOR 118% PROFIT**
- * **M&G GROUP INCREASES, DILUTED TO 6% OF MESOBLAST**
- * **PRIMA APPOINTS IAN BANGS CFO**

MARKET REPORT

The Australian stock market was up 0.17 percent on Thursday February 17, 2011 with the S&P ASX 200 up 8.2 points to 4938.4 points.

Fourteen of the Biotech Daily Top 40 stocks were up, 17 fell, eight traded unchanged and one was untraded. All three Big Caps fell.

Prana was best, up three cents or 21.4 percent to 17 cents with 532,538 shares traded, followed by Prima up 9.5 percent to 23 cents with 6.7 million shares traded.

Nanosonics climbed 7.1 percent; Cellmid and Viralytics were up more than six percent; Benitec was up 5.7 percent; Uscom rose 4.9 percent; Advanced Surgical was up 3.45 percent; Alchemia and Sunshine Heart rose more than two percent; with Clinuvel, Impedimed and Universal Biosensors up more than one percent.

Biota led the falls for the second day in a row, down 18.5 cents or 14.4 percent to \$1.10 with 6.3 million shares traded, followed by LBT down 8.8 percent to 6.2 cents with 731,070 shares traded.

Starpharma lost 6.8 percent; Bionomics was down five percent; Genetic Technologies fell 4.8 percent; CSL and Phylogica were down more than three percent; Cathrx, Circadian, Immuron, Mesoblast, Psivida, QRX and Virax shed more than two percent; with Cochlear, Pharmaxis and Tissue Therapies down more than one percent.

BIONICHE LIFE SCIENCES

Bioniche says it has enrolled the first patient in the second phase III clinical trial of Urocidin for bladder cancer.

Bioniche said the randomized, active-controlled, open-label, multi-center study with Endo Pharmaceuticals had a blinded endpoint assessment “designed to compare Urocidin with mitomycin C in the intra-vesical treatment of patients with BCG recurrent or refractory non-muscle-invasive bladder cancer”.

According to the Cancer Council of Victoria, bacillus Calmette-Guérin (BCG) “is a bacterium similar to the one responsible for tuberculosis, which is used to treat some bladder cancers”.

Bioniche said that about 450 patients will be enrolled for the trial at approximately 120 clinical sites worldwide.

The company said that summary details of the study protocol were available through the US National Institutes of Health clinical trial registration service at www.clinicaltrials.gov.

Bioniche said that in North America, bladder cancer was the fourth most common cancer in men and the fifth overall between both men and women.

The company said that in the US, about 70,000 patients were diagnosed with bladder cancer each year and 500,000 living patients were affected, while in Europe, more than 100,000 patients were diagnosed each year.

Bioniche said bladder cancer was frequently a recurrent disease, with some cases becoming refractory to available chemotherapeutic or immunotherapeutic agents and leading to cystectomy (bladder removal) or death.

The company said that about 70 percent of bladder cancer patients had the non-muscle-invasive form of bladder cancer, with about 350,000 non-muscle-invasive bladder cancer patients diagnosed or having a recurrence each year across the US, Europe and Japan, each year.

Bioniche said this form of bladder cancer was treated predominantly by urologists using surgical resection and intravesical infusion therapy.

Bioniche said Urocidin was an intravesical infusion therapy, administered via trans-urethral catheter into the bladder.

The company said Urocidin was a formulation of a sterile mycobacterial cell wall-DNA complex composition that had a dual mode of action: immune stimulation and direct anticancer activity.

Bioniche said that Endo held exclusive global rights to develop and market Bioniche’s Urocidin and Bioniche received an up-front payment of \$US20 million in July 2009, and became eligible to receive an additional \$US110 million in milestone payments.

Bioniche was unchanged at \$1.40.

USCOM

Uscom says its share plan raised \$264,782 through the issue of 882,606 shares at 30 cents a share.

Uscom said in January that it would scale back applications beyond \$2 million (BD: Jan 19, 2011).

The company said at that time the funds were for working capital “to build a global distribution channel, provide superior levels of clinical training and support and establish a sound sales and marketing platform to drive sales particularly in US, Europe and Asia”.

Uscom raised \$3 million at the end of 2010 (BD: Jan 16, 2011).

Uscom was up 1.5 cents or 4.9 percent to 32 cents.

PHYLOGICA

Phylogica says Roche has validated the first part of the collaboration, expanding the deal and triggering an undisclosed milestone payment.

Phylogica said the objective of the first stage of the research collaboration was to use its Phylomer drug discovery platform to identify novel cell-penetrating peptides for targeting intracellular disease pathways (BD: Oct 21, 2010).

The company said that Roche had independently validated the cell penetration activities of the Phylomers, the two companies were discussing the expansion of their collaboration to include in vivo studies for identification of Phylomer peptides that cross the blood-brain barrier to develop novel treatments for neurological disorders using biologics.

Phylogica chief financial officer Nick Woolf told Biotech Daily that his company was discussing an expansion of the collaboration with Roche.

Mr Woolf said the collaboration had progressed from cell penetration to an investigation of peptides that can cross the blood-brain barrier.

In a media release, Phylogica said it would receive an undisclosed milestone payment to reflect the completion of the first stage of the collaboration with Roche.

Phylogica chief executive officer Dr Paul Watt said the "success of the first stage of our collaboration with Roche provides clear confirmation of the ability of Phylogica's Phylomers to address key challenges in drug discovery."

"We are now directing our efforts to investigate peptides that cross the blood-brain barrier," Dr Watt said.

"Current biological drugs have limited application as treatments for neurological diseases due to this barrier," Dr Watt said.

Phylogica fell 0.3 cents or 3.8 percent to 7.6 cents with 18.3 million shares traded.

BENITEC

Benitec says the US Patent and Trademark Office is expected to issue the re-examination certificate, the formal final step in confirmation of the key '099 Graham patent.

Benitec has been involved in extensive litigation over the patent formally numbered US Patent 6,573,099 and entitled 'Genetic Constructs for Delaying or Repressing the Expression of a Target Gene' covering the use of expressed RNA interference in human therapeutic applications (BD: May 5, 2009; Jan 29, Sep 30, 2010).

The company said the USPTO board of appeal had reversed all previous rejections resulting from the extended patent re-examination process.

Benitec said the issue of the re-examination certificate was the final step in the re-examination process and ends a protracted chapter in its history and was "crucial in re-establishing Benitec's primacy in this important technology which has the potential to treat and cure a wide range of human diseases".

Benitec said the Slovak Patent Office had granted Benitec and the Commonwealth Scientific and Industrial Research Organization a patent entitled 'Control of Gene Expression', a member of the Graham patent family covering the use of expressed RNAi for human therapeutics.

The company said an article in Nature Biotechnology in January 2010 described the portfolio as "one of the most critical patent estates for deploying RNAi".

Benitec's chief executive officer Dr Peter French said the patent results "reinforce our dominant position in expressed RNAi and further supports our strategy of building a pipeline of novel RNAi-based therapeutics whose commercial potential is protected by a robust intellectual property position".

Benitec was up 0.2 cents or 5.7 percent to 3.7 cents with 21.9 million shares traded.

STARPHARMA

Orbis Investment Management has reduced its substantial holding in Starpharma from 29,950,784 shares (12.54%) to 27,975,808 shares (11.47%).

Orbis said its net reduction of 1,974,976 shares was for \$2,215,114 or \$1.12 per share.

Orbis said its last substantial shareholder notice for Starpharma was in August 2010 when it acquired 2,593,290 shares for \$1,329,637 or 51.3 cents a share (BD: Aug 30, 2010).

Starpharma fell eight cents or 6.8 percent to \$1.10 with 2.1 million shares traded.

MESOBLAST

Several M&G Investment Funds have increased their collective substantial holding in Mesoblast and have been diluted through the recent share issue.

The London-based M&G companies increased and were diluted from 15,233,409 shares (6.02%) to 15,833,409 shares (5.69%).

Mesoblast fell 13 cents or 2.4 percent to \$5.30.

PRIMA BIOMED

Prima has appointed Ian Bangs as its chief financial officer, effective from today.

Prima said Mr Bangs had "a strong depth of experience and expertise in the financial management of publicly listed companies, with more than 25 years experience in senior finance positions with companies across a diverse range of industries".

The company said Mr Bangs previously held the roles of chief financial officer and company secretary for ASX-listed companies, including Landmark White and IFC Capital.

Prima was up two cents or 9.5 percent to 23 cents with 6.7 million shares traded.