



Biotech Daily

Friday June 10, 2011

Daily news on ASX-listed biotechnology companies

- * **ASX UP, BIOTECH DOWN: PHYLOGICA UP 4%, USCOM DOWN 6%**
- * **\$2.7m NIH BIOTA GRANT FOR CLOSTRIDIUM DIFFICILE ANTIBACTERIAL**
- * **VIRAX SUPPORTS FRENCH TG1042 MELANOMA TRIAL**
- * **VICTORIA FELLOWSHIPS FOR WEHI'S DR CALL, MONASH'S DR MCNEILL**
- * **NUSEP LAUNCHES PROTEOIQ V 2.2**
- * **PHYLOGICA REVEALS NAOS AS TRUE HOLDER OF CITIGROUP'S 10%**
- * **BIOMD SHAREHOLDERS BACK ALLIED MEDICAL TAKEOVER**
- * **CIRCADIAN COMPANIES DECREASE, DILUTED TO 14% IN ANTISENSE**
- * **WILSON HTM INCREASES, DILUTED TO 6.7% OF IMPEDIMED**
- * **STRATEGIC POOLED CEASES IN CRYOSITE**
- * **STIRLING REQUESTS 4 SIGNIFICANT ANNOUNCEMENTS TRADING HALT**

MARKET REPORT

The Australian stock market was up 0.27 percent on Friday June 10, 2011 with the S&P ASX 200 up 12.5 points to 4562.1 points.

Eleven of the Biotech Daily Top 40 stocks were up, 15 fell, nine traded unchanged and five were untraded.

Phylogica was the best, up 0.3 cents or 4.3 percent to 7.3 cents with 633,180 shares traded, followed by Benitec up 0.1 cents or 3.1 percent to 3.3 cents with 9.6 million shares traded. Living Cell, Psivida, Sunshine Heart and Tissue Therapies were up one percent or more.

Uscom led the falls, down 1.5 cents or 6.4 percent to 22 cents with 1,000 shares traded.

Genetic Technologies, Nanosonics and Prana lost more than five percent; Alchemia, Anteo and Patrys fell more than four percent; Starpharma and Viralytics shed more than two percent; with Bionomics, Clinuvel and Pharmaxis down more than one percent.

BIOTA HOLDINGS

Biota says Biota Scientific Management has been awarded \$US2.9 million (\$A2.7 million) for preclinical development of a lead candidate to treat *Clostridium difficile*.

Biota said the first years payment to its wholly-owned subsidiary would be \$US830,287 of the five year grant worth \$US2.9 million in total.

The company said future payments from the National Institute of Allergy and Infectious Diseases, part of the US National Institutes of Health, were subject to satisfactory project progress and the availability of funding.

Biota said the *Clostridium difficile* program was part of the assets acquired from Oxford's Prolysis in 2009 (BD: Nov 12, 2009).

The company said *Clostridium difficile* infection usually occurred in hospitalized patients treated with antibiotics.

Biota said the antibiotics disrupted the balance of naturally occurring bacteria in the gut, allowing *Clostridium difficile* to multiply and cause a spectrum of symptoms ranging from diarrhoea to life-threatening inflammation of the colon.

The company said *Clostridium difficile* formed persistent infective spores that could act as a reservoir for transmission of the infection in hospitals and the emergence of a new, more virulent strain of *Clostridium difficile* had resulted in an increase in infection incidence, severity and consequent deaths, with hospital costs associated with the infection estimated to be more than \$US3.2 billion a year in the US alone.

The company said that the current treatment usually involved the use of metronidazole or vancomycin, but a significant number of patients treated with these drugs continue to suffer from recurrence of *Clostridium difficile* infection and new treatment options were urgently required.

Biota was up half a cent or 0,45 percent to \$1.115.

VIRAX HOLDINGS

Virax says it will support an ongoing phase I/II French trial of TG1042 for melanoma.

Virax chief executive officer Dr Larry Ward told Biotech Daily that he met the principal investigator, Nantes University Hôtel Dieu Hospital's Prof Brigitte Dréno, at the American Society for Clinical Oncology meeting in Chicago this week and agreed that Virax would supply material for the trial.

Dr Ward said Virax licenced TG1042 from France's Transgene for all skin cancer applications and Transgene had previously supported the Nantes trial.

"This investigator led study highlights other potential indications in melanoma," Dr Ward said. "We look forward to reviewing the trial data in early 2012."

Virax said in a media release that the phase I/II clinical trial involving patients with advanced stage IIIC or stage IV metastatic melanoma.

The company said that melanoma represented about five percent of all skin cancer diagnoses, but was the most deadly form of skin cancer and accounted for more than 75 percent of all skin cancer deaths.

Virax said the trial combined treatment with tumor infiltrating lymphocytes directed against melanoma proteins with the direct administration of TG1042 into melanoma lesions.

The company said the combined therapy was aimed at increasing the immune response to the cancerous melanoma cells.

Virax said tumor infiltrating lymphocyte therapy was an emerging approach to treating advanced melanoma and was the subject of several presentations at the American Society for Clinical Oncology (ASCO) meeting.

Virax was unchanged at 2.3 cents.

VICTORIAN GOVERNMENT

The 2011 Victorian Endowment for Science, Knowledge and Innovation fellowships have been awarded to the Walter and Eliza Hall's Dr Matthew Call and Monash University's Dr Christopher McNeill.

Victoria's Minister for Innovation, Services and Small Business Louise Asher announced the awards worth \$150,000 over three years to each of the researchers.

Ms Asher said the fellowships were awarded "to leading researchers from a range of fields to conduct vital research at Victoria's top research institutions".

"The fellowships attract highly successful candidates and bring considerable benefits to the research community, through the sharing of knowledge, fostering an innovative culture and promoting commercialization," Ms Asher said.

A media release from the Department of Business and Innovation said that along with the Victorian Government funds the fellowships were matched by cash and in-kind contributions from the recipients' host research institutions.

The media release said Dr Call was formerly of Harvard Medical School and at WEHI would study the structure and function of the molecular sensors used by cells of the immune system that detect signs of infection or cancer to initiate an appropriate immune response.

The Department said Dr McNeill was an expatriate Australian working at Cambridge University and at Monash University would "explore new approaches to pattern organic solar cells on the nanoscale and to realize improved efficiencies and understanding of semi-conductor device operation".

"The benefits to the community of luring these scientists and innovators to Victoria are enormous, as they bring with them valuable professional experience and access to global networks," Ms Asher said.

Ms Asher said the Victorian Government was "committed to honoring our brightest minds, by providing opportunities for our researchers in Victoria, and fuelling the possibilities innovation can play as a key contributor to the future of our State's economy".

NUSEP

Nusep says it has launched the ProteoIQ version 2.2 at the American Society of Mass Spectrometry in Denver this week.

Nusep said that about 10,000 researchers attended the 2011 conference and the ProteoIQ software "was written up as the preferred software in [more than] 14 posters presented at this prestigious meeting".

The company said the ProteoIQ software was intended for the analysis of complex mass spectrometry samples and was also designed to identify bio markers.

"This is the first time that the ProteoIQ software has received such wide ranging support from its customer community and reflects the clear advantage that this software offers," Nusep said.

The company said it also launched its annual licencing fee for the ProteoIQ software at the conference.

The annual licence reduced the price of the software to below \$5,000 a year eliminating the need for customers to seek capital approval to purchase the software, Nusep said.

Nusep was untraded at 15 cents.

PHYLOGICA

Phylogica says the Sydney-based Naos Asset Management is the owner of 41,336,582 shares or 10.2 percent of the company acquired through Citicorp Nominees.

Last month Citigroup Global Markets Australia became a substantial shareholder in Phylogica with the acquisition of 36,619,118 shares or 9.037 percent (BD: May 19, 2011).

The initial substantial shareholder notice said the shares were held by Citigroup "solely in its capacity as prime broker" with an additional 40,000 shares not included in the total.

The notice did not disclose the true owner nor the acquisition price.

On May 26, Citigroup Global Markets said it increased its substantial shareholding in Phylogica from 36,619,118 shares (9.04%) to 40,887,374 shares (10.09%) in its capacity as a prime broker.

Phylogica said Naos Asset Management was "an award winning boutique investment firm that specializes in investing in undervalued smaller companies through the Naos Emerging Companies Long Short Equities Fund".

The company said the Fund was named the best performing hedge fund in the Asia Pacific Region for 2009 by Bloomberg and was a preeminent investment fund in the Australian Life Science industry.

Phylogica chief financial officer Nick Woolf said Naos had "a strong track record of picking top-performing, small-cap stocks and their involvement in Phylogica is, in our view, testament to the potential value to be realized from our Phylomer drug discovery platform".

Phylogica was up 0.3 cents or 4.3 percent to 7.3 cents.

BIOMD

Biomd's extraordinary general meeting has overwhelmingly approved the reverse takeover by Allied Medical.

All resolutions were passed easily, with the narrowest margin on a resolution to issue shares and options, with more than 72 million proxy votes in favor and 633,017 proxy votes against.

Biomd will change its name to Allied Healthcare Group.

Biomd was unchanged at 6.2 cents.

ANTISENSE, CIRCADIAN

Two Circadian-related companies have been diluted in and one has decreased its substantial holding in Antisense.

The total change is from 150,915,909 shares (16.99%) to 132,125,909 shares (13.90%).

The companies were Circadian's wholly-owned subsidiary Polychip Pharmaceuticals and Polychip's 42.38 percent subsidiary Syngene.

Polychip's 101,906,497 shares were diluted from 11.47 percent to 10.72 percent, while Syngene decreased from 49,009,412 shares (5.52%) to 30,219,412 shares (3.18%).

Circadian has previously told Biotech Daily (BD: Feb 5, 2010) that the Packer family-owned Consolidated Press Holdings held 19.9 percent of Syngene and the Howard Florey Institute also owned about 20 percent, with the remainder owned by about 40 other holders.

The substantial shareholder notice said that Syngene sold the 18,750,000 shares for \$239,250 or an average price of 1.276 cents a share having acquired the same number of shares for \$150,000 or 0.8 cents a share in the December 2010 rights issue.

Antisense was unchanged at one cent with 2.7 million shares traded.

Circadian fell half a cent or 0.8 percent to 59.5 cents.

IMPEDIMED

Wilson HTM has increased its substantial holding in Impedimed and has been diluted through a placement.

In its change of substantial shareholder notice, Wilson HTM said it increased and was diluted from 9,861,362 shares (7.25%) to 10,488,240 shares (6.7%).

Impedimed raised \$10 million through the placement of 14.3 million shares at 70 cents a share at the end of last year (BD: Dec 3, 2010)

Wilson HTM said it had bought and sold shares through a range of accounts between September 2, 2010 and June 6, 2011.

Impedimed was up half a cent or 0.83 percent to 60.5 cents.

CRYOSITE

Strategic Pooled Development and other entities have ceased their substantial holding in Cryosite with the on-market sale of 8,706,443 shares at 10 cents a share.

The Collins Street, Melbourne-based Strategic pooled Developments said associates included Andrew John Kroger, John Lawson Walker and Daltonvale Pty Ltd.

In its previous substantial shareholder notice, in April 2009, Strategic Pooled

Developments said there had been an off-market transfer of 1,980,610 shares at 10 cents a share.

The notice said that at that time Strategic Pooled held 10,292,839 shares or 22.07 percent of the company.

Biotech Daily believes Strategic Pooled holds no shares in Cryosite.

Cryosite fell half a cent or five percent to 9.5 cents.

STIRLING PRODUCTS

Stirling has requested a trading halt pending four "significant announcements".

Stirling said the announcements related to its strategic review, Telemedcare and Stirling Pharma subsidiaries, a "licencing for the pulmonary delivery of a major drug" and the proposed listing on London's Alternative Investment Market.

Trading will resume on June 15, 2011 or on an earlier announcement.

Stirling last traded at 0.3 cents.