



Biotech Daily

Thursday June 16, 2011

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH DOWN: QRX UP 2%, ADVANCED SURGICAL DOWN 23%**
- * **CIRCADIAN VGX-100 READY FOR CANCER TRIALS; EYE INDICATIONS**
- * **DAVID RADFORD HUNTER IMMUNOLOGY CEO; KEVIN HEALEY'S MYOSTIN**
- * **MEDIGEN TAKES OVER RECOVERING PROGEN; BOARD, CEO SPILL**
- * **AUSBIOTECH WA HOSTS INAUGURAL BIOTECH MEETS BROKERS LUNCH**
- * **ORBIS TAKES 18% OF PHARMAXIS**
- * **ONYX TAKES 13% OF FERMISCAN**

MARKET REPORT

The Australian stock market fell 1.9 percent on Thursday June 16, 2011 with the S&P ASX 200 down 87.6 points to 4,479.2 points.

Six of the Biotech Daily Top 40 stocks were up, 22 fell, five traded unchanged and seven were untraded. All three Big Caps fell.

QRX was the best of the six, up three cents or 1.8 percent to \$1.70 with 122,759 shares traded; followed by Heartware, Living Cell and Phylogica up more than one percent; with Circadian and Sirtex up by less than one percent.

Advanced Surgical led the falls, down seven cents or 23.3 percent to 23 cents with 5,000 shares traded, followed by Optiscan down 11.5 percent to 4.6 cents with 298,720 shares traded and Patrys down 10 percent to nine cents with 1.7 million shares traded.

Pharmaxis lost 7.5 percent; Anteo, Benitec, Prima, Starpharma and Viralytics fell more than six percent; Mesoblast was down 5.4 percent; Clinuvel and Virax fell more than four percent; Genetic Technologies, Phosphagenics and Sunshine Heart were down more than three percent; Acrux shed 2.4 percent; with Alchemia, Biota, Cochlear, Impedimed and Resmed down one percent or more.

CIRCADIAN TECHNOLOGIES

Circadian says it has \$25 million to take its VGX-100 cancer drug candidate targeting vascular endothelial growth factor C through phase I and into phase II trials.

In a two-hour presentation to investors, scientists and the biotechnology media in Melbourne, Circadian executives mapped out the evidence for using vascular endothelial growth factor C (VEGF-C) as a target, citing elevated levels associated with cancer patients resistant to Avastin, which targeted VEGF-A.

Circadian's head of preclinical research and development Dr Megan Baldwin said that VEGF-C induced both blood and lymph system vessel growth and VGX-100 was a fully-human monoclonal antibody for VEGF-C for both cancer and eye disease.

Dr Baldwin said Avastin had a 30-50 percent response rate across tumor types and 25-50 percent of responders became resistant.

She said the likely reasons were that tumor growth could be through pathways other than VEGF-A or other factors turned on when VEGF-A was blocked, namely VEGF-C.

Dr Baldwin said a 42-patient trial at the MD Anderson Cancer Centre reported circulating levels of VEGF-C were elevated in patients treated with Avastin and the chemotherapy regime of folinic acid, fluorouracil and irinotecan (Folfiri) prior to disease progression.

"VEGF-C may indicate resistance to Avastin," Dr Baldwin said.

She said that mouse models for a range of cancers showed that VGX-100 alone did little to stop tumor progression, but in combination with Avastin and chemotherapy drug docataxel, VGX-100 significantly delayed tumor regrowth in prostate cancer, non-small cell lung cancer and ovarian cancer; and in combination with Avastin alone delayed glioblastoma tumor regrowth (BD: Apr 15, 2010).

Circadian's head of development Mark Sullivan said the investigational new drug application would request VGX-100 be co-administered with Avastin and chemotherapy.

Mr Sullivan said Circadian would target glioblastoma, colorectal cancer and one of breast, lung and renal cancer and possibly ovarian cancer.

Mr Sullivan said the company had a pre-investigational new drug application meeting with the US Food and Drug Administration "and we are extremely comfortable with that".

He said the IND could be granted and the phase I trials could begin this year, with the strong Australian dollar an advantage for running the trials at two centres in the US.

Mr Sullivan said the dose-ranging phase I trials of 27 to 33 patients, would simultaneously examine the safety and tolerability of VGX-100 as a monotherapy and in combination.

He said the subsequent phase II glioblastoma trial of more than 100 patients could become a pivotal registration trial.

Mr Sullivan said that Avastin's key patents expired in 2017 and "it could be very attractive to companies looking for something to combine with generic Avastin".

Dr Baldwin said that all the pre-clinical work on VGX-100 was applicable for front-of-eye indications, which would require some advanced toxicology studies.

Dr Baldwin said a large number of front-of-eye diseases were typified by vascularization and inflammation and VGX-100 had shown efficacy in mouse studies of reducing both angiogenesis and lymphangiogenesis.

She said trials for eye indications were not likely to start before July 2013.

Circadian chief executive officer Robert Klupacs said the company's \$25 million in cash "takes us a hell of a long way to generate clinical data" through the phase I cancer trials and into the phase II cancer trials.

Mr Klupacs said he would prefer to take the compound all the way to registration but it was more likely the company would partner the drug or raise capital and there were also potential non-dilutive alternatives.

Circadian was up half a cent or 0.8 percent to 60 cents.

HUNTER IMMUNOLOGY, MYOSTIN THERAPEUTICS

In related moves, former Nanosonics chief executive officer David Radford has been appointed to lead Hunter Immunology and Dr Kevin Healey has launched Myostin. Until the announcements today and yesterday, Dr Healey was Hunter Immunology's managing director.

Dr Healey told Biotech Daily today that the appointment of Mr Radford allowed him to pursue the development of a product to treat muscular dystrophy and other muscle wasting diseases.

Dr Healey said he acquired the technology and intellectual property around the peptide-based myostatin antagonists from the New Zealand-based Covita.

The Myostin website said the company intended to continue pre-clinical development of the peptides with a view to selecting one or more lead molecules to take to clinical trials.

Dr Healey said Xenome's Dr Ian Nisbet and Dr Anthony Filippis were also directors of Myostin.

Mr Radford departed Nanosonics earlier this year and has been appointed as Hunter Immunology's chief executive officer.

The company's website said its primary technology platform stimulated the common mucosal immune system and the lead product HI-1640V was targeted at decreasing the number and severity exacerbation in chronic obstructive pulmonary disorder.

Hunter Immunology is a public unlisted company.

Myostin is a private company.

PROGEN PHARMACEUTICALS

Progen says that two of three independent directors and chief executive officer Sue MacLeman will resign leaving the board dominated by Medigen directors

In 2009 as part of the dispute settlement following the close of the phase III PI-88 liver cancer trial, the Taiwan based Medigen agreed to three independent directors and three-Medigen directors.

Independent chairman Stuart James remains on the board, but Progen said independent director Dr John Chiplin and Dr Julie Cherrington would resign.

Progen said Ms MacLeman would remain with the company until late August 2011.

Ms MacLeman was appointed chief executive officer on April 6, 2010 (BD: Mar 29, 2010) and since that time the company has made a string of announcements relating to the licencing of PI-88 by Medigen, the continued development of the PG545 cancer candidate and contracts won by wholly owned subsidiary the Pharmasynth manufacturing business, along with the divestment of the Cellgate assets.

Progen said it would reduce the board from six directors to four and close its Toowong and North Carolina offices, with all staff and activities consolidated into its Darra site.

Progen said Medigen nominated director Dr Paul Lin would be replaced by Dr Woei-Jia Jiang, with Heng Tang and Tom Burt continuing as directors.

The company said the chief executive officer role would not be replaced, with chief financial officer and company secretary Paul Dixon moved from an employed basis to a consultancy contract effective from July 15, 2011.

Mr James thanked Ms MacLeman "for her hard work, dedication and insight as she identified and implemented at the board's request these fundamental structural adjustments".

Progen was unchanged at 31 cents.

[AUSBIOTECH - WESTERN AUSTRALIA](#)

The Western Australia Ausbiotech Committee says its inaugural 'Biotech meets Brokers' lunch was a full house with more than 60 brokers to see three company presentations. Ausbiotech WA committee member Brian Leedman told Biotech Daily that the lunch held at the Grand Palace Chinese restaurant in Perth featured an address by the Chief Scientist of Western Australia Prof Lyn Beazley and presentations from Anteo Diagnostics, Psivida and Phylogica.

Mr Leedman is Psivida's communications vice-president.

"There wasn't a spare seat in the restaurant, so there clearly is an appetite for biotech in Perth, if not just for the honey king prawns," Mr Leedman said.

[PHARMAXIS](#)

Orbis Investment Management has increased its substantial shareholding in Pharmaxis from 37,675,014 shares (16.72%) to 40,729,893 shares (17.84%).

Pharmaxis fell 8.5 cents or 7.5 percent to \$1.045 with 1.8 million shares traded.

[FERMISCAN](#)

Onyx Capital has increased its substantial shareholding in Fermiscan from 48,400,000 shares (8.31%) to 74,500,000 shares (12.8%).

The Collins Street Melbourne-based Onyx said it acquired the 26,100,000 shares in an on-market transfer and purchase for \$124,989 or an average price of 0.48 cents a share. Fermiscan was unchanged at 0.7 cents with 1.07 million shares traded.