



# Biotech Daily

Monday June 20, 2011

*Daily news on ASX-listed biotechnology companies*

- \* **ASX, BIOTECH DOWN: OPTISCAN UP 23%, PATRYS DOWN 9%**
- \* **BENITEC PAIN PROGRAM VALIDATED BY CHINESE STUDY**
- \* **GENETIC TECHNOLOGIES LAUNCHES BREVAGEN BREAST CANCER TEST**
- \* **PATRYS WORKS WITH CLARITY, VIVOPHARM ON PRECLINICAL PAT-SM6**
- \* **\$760k CHINA CONTRACT FOR COMPUMEDICS**
- \* **NUSEP 10c SHARE OFFER, BONUS OPTIONS**
- \* **BIOMD BOARD ADDS FORTESCUE MUSCLE, JET SOEDIRDJA**
- \* **STARPHARMA'S DR JOHN RAFF RETIRES**
- \* **LANG WALKER TAKES 19% OF NEUREN**
- \* **ANTHONY BARTON INCREASES, DILUTED TO 7.4% OF PHYLOGICA**

## MARKET REPORT

The Australian stock market fell 0.74 percent on Monday June 20, 2011 with the S&P ASX 200 down 33.2 points to 4,451.7 points.

Five of the Biotech Daily Top 40 stocks were up, 19 fell, 11 traded unchanged and five were untraded.

Optiscan was the best, climbing one cent or 22.7 percent to 5.4 cents with 142,000 shares traded, followed by Genetic Technologies up 18.2 percent to 19.5 cents with 1.2 million shares traded. QRX was up 4.4 percent; Tissue Therapies rose 2.1 percent; Bionomics was up 1.8 percent; with Resmed up 0.3 percent.

PatrYS led the falls, down 0.8 cents or 9.2 percent to 7.9 cents with 643,510 shares traded.

Pharmaxis, Psivida, Sunshine Heart and Universal Biosensors lost more than seven percent; Clinuvel and Starpharma fell five percent or more; Cellmid, Nanosonics and Virax fell four percent or more; Mesoblast and Phosphagenics were down more than three percent; Sirtex shed two percent; with Anteo, Biota, Cellestis, CSL, Heartware and Phylogica down one percent or more.

## BENITEC

Benitec says independent Chinese researchers have proved the concept behind Benitec's in-house neuropathic pain program, without side effects.

Benitec said the research entitled 'Intrathecal lenti-viral-mediated RNA interference targeting [protein kinase C] attenuates chronic constriction injury-induced neuropathic pain in rats' was published in the April edition of the journal Human Gene Therapy.

An abstract is at <http://www.liebertonline.com/doi/abs/10.1089/hum.2010.207>.

Benitec said that using a form of Benitec's gene silencing technology in a rat model, the researchers silenced a key gene associated with pain and achieved a significant reduction in pain without side effects.

"Currently, treatment of neuropathic pain is still a challenge, as it is insensitive to traditional pain drugs and surgical interventions," Benitec quoted the paper saying.

"These results support the potential use of [short hairpin] RNA expression vectors as a gene therapy approach to neuropathic pain," the article said.

Benitec chief executive officer Dr Peter French said that "remarkably the independent researchers on this study utilized an almost identical experimental design to that currently being used in our own in-house program".

"Their finding of significant efficacy with no adverse effects in the preclinical model has the potential to substantially accelerate our efforts in bringing a novel pain therapeutic to the clinic supported by our dominant patent position in the underlying DNA-directed RNAi technology," Dr French said.

Benitec was unchanged at three cents with 4.9 million shares traded.

## GENETIC TECHNOLOGIES

Genetic Technologies says its North American division Phenogen Sciences has launched the Brevagen genetic test for assessing non-familial breast cancer risk.

Genetic Technologies said Phenogen would target women's health clinics and had deployed its sales force to service select markets based on high volume use of the breast cancer (BRCA) genetic test, currently available for the rarer familial form of breast cancer.

Genetic Technologies said the Brevagen test had "an attractive gross margin and an estimated addressable market in excess of \$US600 million a year in the US.

Genetic Technologies chief executive officer Dr Paul MacLeman said the US launch was "the culmination of substantial investment in development encompassing large scale genomic investigations and substantial support in medical literature".

Genetic Technologies bought Brevagen with the assets of the US Perlegen for \$1.25 million in April 2010 (BD: Apr 14; Oct 26, 2010).

"It is the first phase of the company's five year strategy to build a global cancer diagnostics business," Dr MacLeman said. "Over this same period, [Genetic Technologies] core business has been streamlined; cutting costs, culling poor performing products and delivering its maiden half year profit."

Dr MacLeman said the company intended to provide "the best possible cancer diagnostics in major world markets".

Dr MacLeman said the company was actively assessing merger and acquisition opportunities "with a view to a possible transaction during the coming financial year".

Dr MacLeman told Biotech daily the company expected to report initial revenues in the three months to September 30, 2011 but was undecided whether they would be broken out in the subsequent Appendix 4C.

Genetic Technologies was up three cents or 18.2 percent to 19.5 cents with 1.2 million shares traded.

## PATRYS

Patrys says it will work with Sydney's Clarity Pharmaceuticals and Adelaide's Vivopharm to assist in the development of lead anti-cancer compound PAT-SM6.

Patrys said PAT-SM6 was in a phase I clinical trial for melanoma at Royal Adelaide Hospital and the extra preclinical program would be extended "to generate additional data and evidence to supplement the ongoing clinical program".

The company said that preclinical work on its research and development pipeline of natural human antibody therapeutics had "largely been conducted in-house at the company's research facility in Würzburg, Germany".

Patrys chief executive officer Dr Marie Roskrow told Biotech Daily that the additional preclinical data would be used both for future solid tumor indications as well as supporting the ongoing melanoma trial.

"It might attract more clinical centres for the trial [including] those who turned us down previously," Dr Roskrow said.

Dr Roskrow said the work with Clarity was an academic collaboration.

"They are designing all the experiments with us, using their proprietary technology and expertise," Dr Roskrow said.

Dr Roskrow said in the media release that "undertaking further preclinical work on a drug compound in parallel with a clinical program can lead to superior outcomes, particularly when the compound has multiple disease targets".

"The preclinical studies will add to the body of evidence moulding the PAT-SM6 development pathway," Dr Roskrow said.

Patrys said Clarity was involved in radio-labeling biologics including antibodies for imaging and had access to resources and equipment at the University of Queensland, University of Melbourne and the Australian Nuclear and Science Technology Organisation.

Patrys said it would undertake imaging studies with PAT-SM6 to better understand both localization and distribution, to assist in the design of future clinical programs.

The company said Vivopharm specialized in both in vitro and in vivo preclinical concept validation and had experience using human xenograft tumor models.

Patrys said Vivopharm had a range of more than 60 fully-characterized cell lines that could be used for tumor models, in addition to providing preclinical toxicology capabilities.

Patrys said it had initiated studies at Vivopharm to support the PAT-SM6 clinical program.

Patrys fell 0.8 cents or 9.2 percent to 7.9 cents.

## COMPUMEDICS

Compumedics says it has a \$760,000 order from its North China distributor Bestmed Tech.

The company said it was "the premier supplier of premium sleep products, which support some of the most coveted clinical and research centers of excellence across China".

Compumedics said the sales order represented year-on-year growth of 33 percent and would be comprise the latest generation Graef PSG and EEG systems, as well as the wireless ambulatory systems, Somté PSG and Siesta.

The company quoted estimates that up to 38 percent of the 19 million people of Shanghai suffered from some form of sleep disorder.

Compumedics said it had so far generated more than \$5 million in business in China through its relationship with Bestmed.

Compumedics chairman Dr David Burton said the order was "a further validation of Compumedics' superior product offer and another important milestone for our company".

Compumedics was unchanged at 9.5 cents.

## NUSEP

Nusep says it will replace its share purchase plan with a 10 cents a share purchase offer and bonus option issue, subject to shareholder approval.

Nusep said an extraordinary general meeting would be held on August 31, 2011 to approve a pro rata one-for-two bonus issue of options exercisable at 15 cents by March 31, 2012.

The company said it would apply to the ASX to have the bonus options listed.

Nusep said it was required to prepare a prospectus so that successful participants under the offer could also receive the proposed bonus 15 cents options.

The company said it was negotiating a partial underwriting including director underwriting for the offer.

Nusep said the record date for the share purchase offer was July 5, the offer would open on July 6 and close on July 29, 2011.

Nusep fell three cents or 21.4 percent to 11 cents.

## BIOMD

The board of the merged Biomd and Allied Medical will be chaired by Christopher Catlow with the surprise addition of Bell Potter Securities advisor Jet Soedirdja.

Biomd and Allied have agreed to a name change to Allied Health Group to develop Biomd's Adapt cardiac tissue patches and Allied subsidiary Coridon's vaccines, including a potential vaccine for glandular fever, as well as the continued expansion of allied's medical distribution business (BD: May 19, 2011).

A Biomd media release said that chairman Robert Scott would resign and along with Mr Catlow, Graeme Rowley, Lee Rodne and Jet Soedirdja had been appointed directors.

Biomd said Mr Catlow was previously Allied's chairman and was the inaugural chief financial officer of Fortescue Metals Group "and played a central role in its development, in particular raising capital" and was also chairman of Sirius Minerals and Indo Mines.

The company said Mr Rowley was previously an Allied Medical director and also "played a central role in the development of Fortescue Metals Group from its inception in 2003", recently retiring as an executive director of Fortescue, but continuing to serve as a non-executive director.

Biomd said Mr Soedirdja was a director of 19 percent investor Avexa and brought "extensive investment markets experience to the board".

Mr Soedirdja joined the Avexa board after the failure of the company to partner its apricitabine or ATC phase III drug for HIV.

The removal of Avexa's previous chairman Nathan Drona and the prevention of then 16 percent shareholder Calzada taking a board seat was attributed at that time to large shareholdings associated with Mr Soedirdja (BD: May 10, 20 26; Jul 6, 23, 2010).

The Avexa board has repeatedly said it would continue to search for a partner for ATC.

Biomd said Mr Rodne had been appointed managing director and had held executive roles in companies in the US, Europe and Australia.

The company said Mr Rodne was appointed chief executive officer of Allied Medical in 2005.

Biomd said that its executive directors Robert Towner and Michael Bennett would continue as executive directors in the merged entity.

Biomd was up 0.4 cents or 6.6 percent to 6.5 cents with two million shares traded.

### STARPHARMA

Starpharma says founding chief executive officer Dr John Raff will retire as a director, effective from the close of business on June 2011.

Starpharma said Dr Raff was the chief executive officer until June 2006, when he retired from his executive role and Dr Jackie Fairley was appointed chief executive officer.

"It is with pride and confidence in the future of the company that I submit my resignation," Dr Raff said.

"I wish the board and staff of the company every success," Dr Raff said.

Starpharma chairman Peter Bartels said the company had "sincere appreciation for John's outstanding contribution to the establishment and development of Starpharma".

A company spokesman said the board would consider whether to replace Dr Raff as part of an ongoing review of board composition.

Starpharma fell 7.5 cents or 5.8 percent to \$1.225.

### NEUREN PHARMACEUTICALS

Sydney property developer Langley Alexander Walker has increased his substantial shareholder in Neuren from 66,479,000 shares (13.04%) to 119,233,616 shares (19.3%).

Mr Walker said the 52,754,616 were acquired for 1.3 cents a share in a placement.

Neuren fell 0.1 cents or 5.9 percent to 1.6 cents with 1.6 million shares traded.

### PHYLOGICA

Anthony Barton and associates have increased their substantial holding in Phylogica and have been diluted through a placement and the conversion of notes.

In the change of substantial shareholder notice, Anthony Barton said he increased and was diluted from 21,899,031 shares (7.73%) to 30,006,735 shares (7.40%).

Phylogica fell 0.1 cents or 1.4 percent to seven cents with 1.1 million shares traded.