



# Biotech Daily

Wednesday June 8, 2011

*Daily news on ASX-listed biotechnology companies*

- \* **ASX, BIOTECH DOWN: VIRALYTICS UP 5%, LBT DOWN 12%**
- \* **AGENIX HOPING FOR 2012 CHINA HEPATITIS B TRIAL**
- \* **BLUECHIIP LISTS ON ASX TOMORROW**
- \* **EUROPE REJECTS SIGMA OBJECTION TO HEALTHLINX PATENT**
- \* **CEPHALON-CHEMGENEX BOARD CHANGES**
- \* **ANTISENSE REQUESTS ATL1103, CAPITAL RAISING TRADING HALT**
- \* **OPTISCAN APPOINTS CAPPELLO TO REVIEW BUSINESS**
- \* **NARHEX AGM TO ISSUE 10m OPTIONS, ELECT DIRECTORS**
- \* **ACUVAX EGM TO ISSUE 550m SHARES, RATIFY PLACEMENT**

## MARKET REPORT

The Australian stock market fell 0.65 percent on Wednesday June 8, 2011 with the S&P ASX 200 down 29.5 points to 4536.8 points.

Fifteen of the Biotech Daily Top 40 stocks were up, 16 fell, four traded unchanged and five were untraded.

Viralytics was the best, up 0.4 cents or 4.9 percent to 8.5 cents with 3.2 million shares traded.

Alchemia, Phylogica and Tissue Therapies climbed more than four percent; Bionomics, Phosphagenics, Prima and Starpharma were up more than three percent; Pharmaxis and Prana rose more than two percent; with Clinuvel, QRX and Sunshine Heart up more than one percent.

LBT led the falls, down 0.6 cents or 11.5 percent to 4.6 cents with 220,000 shares traded, followed by Genetic Technologies down 10 percent to 18 cents with 313,500 shares traded.

Cathrx and Universal Biosensors lost more than six percent; Benitec and Mesoblast fell more than three percent; Acrux, Anteo and Living Cell shed more than two percent; with Bioniche, Biota, Cellestis, Cochlear, CSL and Nanosonics down more than one percent.

## AGENIX

Agenix says it expects to submit a formal application to begin clinical trials in China for its lead hepatitis B drug, AGX-1009 in 2012.

Agenix said that following meetings in Australia with its joint venture partner, Beijing's Institute of Medicinal Biotechnology (IMB) of the Chinese Academy of Medical Sciences it would file an application with China's State Food and Drug Administration by July 2012 with the expectation of phase I human studies beginning by the end of 2012.

The company said meetings with Institute of Medicinal Biotechnology representatives led by Prof Jiang Jian-Dong focused on pharmacology, toxicology, chemical composition, manufacturing methods and clinical trial protocol data submissions for AGX-1009.

Agenix said AGX-1009 had passed a number of early development hurdles and had been found to have a low toxicity profile and not to inhibit the group of enzymes that process drugs in the liver.

Agenix chairman and chief executive officer Nicholas Weston said the company was pleased with the progress and the quality of the pre-clinical evidence gathered to date.

"This evidence will help provide a solid foundation for future success and help demonstrate AGX-1009 is safe and effective," Mr Weston said.

"Our recent meetings with IMB in Australia confirm Agenix is well positioned with a highly promising future in China able to draw on IMB as our outsourced research lab," Mr Weston said.

"Together we believe we have the opportunity to significantly improve the health and quality of life for millions of people by commercializing promising new drug candidates quickly and at a fraction of the cost it would take in the US or Europe," Mr Weston said.

Agenix said AGX-1009 belonged to a class of drugs that worked by blocking an enzyme the hepatitis virus required to replicate.

The company said AGX-1009 was a prodrug in the same class as Tenofovir, which is indicated for HIV and hepatitis B and marketed for Gilead by Glaxosmithkline in Asia as Viread, approved in the US in 2008.

Agenix said Viread was expected to receive regulatory approval in China in 2014.

The company said patents for AGX-1009 ran until 2026 and Agenix planned to make it available as a once daily treatment.

Agenix said AGX-1009 was one of the drug candidates supported by the Chinese Government's State Special Funds for important, newly-developed drugs.

Agenix was untraded at 1.4 cents.

## BLUECHIIP

Bluechiip has raised \$3 million to commercialize its wireless tracking system and expects to list on the tomorrow under the code BCT.

Bluechiip chairman Iain Kirkwood said the listing would assist the company establish itself as a supplier of the technology, initially to be used for bio-banking "where there is a rapidly increasing demand for the secure storage of valuable or irreplaceable human materials such as umbilical cord blood, plasma and [in vitro fertilization]".

Bluechiip chief executive officer Brett Schwarz said the tracking technology had potential uses in the security, defence and manufacturing sectors.

Bluechiip's capital raising was at 25 cents a share.

### HEALTHLINX

Healthlinx says the European Patent Office has rejected Sigma Aldrich's objection against its immunoglobulin Y (IgY) immuno-depletion patent.

Healthlinx said that during the past 18 months, it had "vigorously defended its patent position, that its claims are novel and inventive, and that it has priority date".

The company said the European Patent Office had affirmed the Healthlinx position and dismissed Sigma's objection.

Healthlinx said Sigma had a final opportunity to argue its position at an oral presentation scheduled for September 22, 2011.

Healthlinx said it was confident that no additional material arguments could be presented by Sigma that would alter the European Patent Office's decision.

The company said its IgY immuno-depletion patent was recently granted in Australia and Sigma was invited to either enter into commercial terms to licence the technology to allow for freedom to operate or withdraw all product from the market.

Healthlinx chief executive officer Nick Gatsios said Sigma had withdrawn products that infringe the patent from the Australian market.

"They have several products, including kits for depleting high abundant proteins from biological fluids such as blood, that would be in breach of our claim," Mr Gatsios said.

Healthlinx said it was confident that it could capitalize on its intellectual property position to conclude a commercial agreement with a provider of immuno-depletion products.

Healthlinx fell 0.1 cents or 2.2 percent to 4.5 cents.

### CHEMGENEX PHARMACEUTICALS

Chemgenex says all but two directors have resigned and have been replaced by Cephalon nominees following the takeover becoming unconditional.

Chemgenex said Dan Janney, Dr George Morstyn, Dr Geoff Brooke, Jean-Luc Tétard and Elmar Schnee had resigned as non-executive directors.

The company said Kevin Buchi, Wilco Groenhuysen and Ron Kal had been nominated by Cephalon and appointed as directors with Mr Kal also appointed joint company secretary.

Chemgenex said chairman Brett Heading and managing director Dr Greg Collier intended to continue until the conclusion of the compulsory acquisition process.

Chemgenex closed unchanged at 69.5 cents.

### ANTISENSE THERAPEUTICS

Antisense has requested a trading halt pending an announcement "in relation to the development of its drug ATL1103 and a capital raising".

Antisense has previously said that ATL1103 reduced levels of growth hormone and insulin-like growth factor I (IGF-I) for diseases include acromegaly, diabetic retinopathy and nephropathy and some forms of cancer (BD: Apr 11, 2011).

Trading will resume on June 10, 2011 or on an earlier announcement.

Antisense last traded at one cent.

### OPTISCAN

Optiscan says it has appointed Los Angeles-based investment bank, Cappello Capital Corp to assist in a review of strategic options and opportunities.

Optiscan said that “after a sustained period of rebuilding, [it was] well-placed to move up to the next level”.

The company has developed a confocal microscope that allows investigators to see cancers at the cellular level allowing for immediate removal rather than having to take tissue samples for later analysis, but has struggled to commercialize the technology with poor sales, in part blamed on its previous relationship with Pentax.

In 2009 it ended its relationship with the Hoya Corp which had acquired Pentax and said it had all the rights to its technology (BD: Mar 23, 2009).

Today, the company said it had “a highly valued partnership with Carl Zeiss in neurosurgery which has now advanced to product development”.

Optiscan said its second generation platform was ready for application in gastroenterology as well as many other potential applications in general surgery.

The company said it was well capitalized with a projected cash or near cash position of about \$1.6 million at the end of June and continued to field interest and deliver sales.

Optiscan was unchanged at five cents.

### NARHEX LIFE SCIENCES

Narhex’s annual general meeting will vote to issue 2,500,000 options each to three directors and a former director.

Narhex shareholders will be asked to reelect directors Peter Christie, David Mandel and Peter Nash and issue them options exercisable at two cents within three years of issue.

The company said the options would “incentivise [the directors] to contribute to the ongoing success of the company’s projects” and was an alternative to a cash payment.

Narhex said Mr Majewski was a former founding director and his 2,500,000 options were “in consideration for technical and corporate consultancy services recently provided by Mr Majewski associated with the company’s technology and recapitalization”.

The meeting will be held at Trident Capital, Level 24, 44 St George’s Terrace, Perth, Western Australia on July 8, 2011 at 4pm (AWST).

Narhex fell half a cent or 14.3 percent to three cents with 2.6 million shares traded.

### ACUVAX

Acuvax will hold an extraordinary general meeting to ratify the placement of 190,000,000 shares and issue a further 550,000,000 shares.

Acuvax said the placement shares were at 0.05 cents each as were the new issue shares.

The company said it proposed to issue 190,000,000 shares to GBU Capital to pay for corporate advisory services and shareholders would also vote on whether to issue a further 360,000,000 shares to raise \$180,000.

The meeting will be held at Suite 2, 16 Ord Street, West Perth, Western Australia on July 7, 2011 at 10am (AWST).

Acuvax was unchanged at 0.2 cents with one million shares traded.