



Biotech Daily

Monday July 4, 2011

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH UP: CATHRX UP 8%; PHOSPHAGENICS DOWN 7%**
- * **GENERA TIGHTENS BELTS; LOSES CHAIRMAN, CEO, CFO; GAINS DATA**
- * **CALZADA, POLYNOVO FIRST IN-HUMAN NOVOSORB WOUND TRIAL**
- * **QUINTILES BUYS 2nd \$US1m TRANCHE PRANA SHARES**
- * **CBIO PLEADS SCHULTZ TO ASX 43% QUERY**

MARKET REPORT

The Australian stock market climbed 0.42 percent on Monday July 4, 2011 with the S&P ASX 200 up 19.5 points to 4610.7 points.

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

Cathrx was the best for the second trading day in a row, up one cent or 8.3 percent to 13 cents with 77,000 shares traded, followed by Optiscan up half a cent or 7.7 percent to seven cents with 57,000 shares traded.

Acrux climbed 5.2 percent; Circadian was up 3.45 percent; Bionomics, Biota, Impedimed, Patrys, Pharmaxis, QRX and Starpharma rose more than two percent; with Alchemia, Anteo, Clinuvel, CSL, Living Cell and Resmed up more than one percent.

Phosphagenics led the falls, down one cent or 7.1 percent to 13 cents, with 459,145 shares traded, followed by Genetic Technologies down 6.7 percent, to 21 cents with 874,748 shares traded.

Prima lost 3.3 percent; Prana and Viralytics shed more than two percent; with Cellestis, Compumedics and Tissue Therapies down more than one percent.

GENERA BIOSYSTEMS

In a major restructure, Genera will lose chairman Fernando Careri, chief executive officer Dr Allen Bollands and chief financial officer Tony Panther.

As part of a strategic review director Lou Panaccio has been appointed executive chairman and the three key executives will resign in stages over the coming months.

Genera said the strategic review objective was "to ensure that all organizational activities are tightly focused on maximizing value for shareholders and are structured to enhance the prospect of the company's commercialization negotiations achieving tangible milestones without having to raise additional capital from existing shareholders or the wider market".

Genera has seen a decline in share price since it listed on the ASX at 50 cents a share, has a partnership with an unnamed pharmaceutical company to develop a human papillomavirus test but has had limited success with its own Papttype test, despite direct sales to the Healthscope-owned Gribbles Pathology (BD: Jun 11, Jun 20, 2008).

Papttype is approved for sale in the European Union and Australia, but not the US.

Genera said it had been formally pursuing pre-commercialization research and development since May 2010 and was attempting to increase the data available in cooperation with a major British research institute which was evaluating Papttype on about 1,000 clinical specimens of known provenance, comparing the clinical performance with other commercially available tests, with results expected by the end of December 2011.

Genera said the Ampasand platform technology used by the Papttype test and associated product suite had "significant commercial potential with a robust intellectual property position encompassing a range of granted patents both in the US and other jurisdictions". Genera said the unnamed pharmaceutical company partner had concluded a 300-patient clinical study, with preliminary analysis showing the results to be consistent with Genera's expectations and previous studies involving Papttype.

Genera said both companies were collaborating on a detailed review of the data.

The company said it had also "made important progress with RTI-Plex, a molecular diagnostic test which simultaneously detects and differentiates 12 respiratory viral pathogens, and three respiratory bacterial pathogens".

Genera said it had incorporated solid phase biochemistry into RTI-Plex, substantially reducing the overall processing time and the number of handling steps and it was undergoing evaluation by Healthscope Pathology.

Genera said Mr Careri would step down by the end of next month and Dr Bollands would resign at the end of July 2011 when Mr Panaccio become executive chairman.

Genera said Mr Panaccio's "primary component of ... remuneration" would be executive options.

The company said Mr Panaccio was an accountant and his most recent executive role was at Monash IVF where he was chief executive officer and he had "considerable experience in the pathology market having run the Melbourne Pathology Group as chief executive officer".

Genera said director Bill Tapp would resign and chief financial officer and company secretary position would become part-time with Mr Panther expected to leave the company "towards the end of September".

The company said chief scientific officer Dr Karl Poetter remains but there had been reductions in staffing levels by more than one-third in number and substantially more in terms of associated cost.

Genera said it would have sufficient cash to fund the business beyond July 2012.

Other board members include Jim Kalokerinos and David Symons.

Genera was untraded at 18 cents.

CALZADA

Calzada says subsidiary Polynovo Biomaterials will begin its first human clinical trial of Novosorb as a wound treatment at Royal Adelaide Hospital by the end of 2011.

Calzada said Prof John Greenwood had been granted ethics approval for the trial of Novosorb in the form of a biodegradable temporising matrix (BTM) in surgically-created full-thickness wounds following free-flap donor site surgery.

Calzada said the surgery model was "ideal as it will allow investigators to test the safety and efficacy of BTM in a large surgically created wound without interference from other ailments usually experienced by patients with extensive burns such as shock [or] smoke inhalation".

Prof Greenwood said the approval was "the milestone to which extensive and meticulous laboratory and animal research, using the Novosorb material, have been leading".

Prof Greenwood said pig studies showed that biodegradable temporising matrix "markedly reduced wound contraction and resisted the development of infection".

Polynovo chief executive officer Laurent Fossaert said the trial would provide valuable data for future planned regulatory submissions.

"It also shows that our technology has the potential to be used in applications far beyond full thickness burns, significantly increasing the range of target markets, Mr Fossaert said. Calzada was unchanged at seven cents.

PRANA BIOTECHNOLOGY

Prana says clinical research provider Quintiles will buy \$US1 million (\$A930,540) shares in the company.

Prana said the funds would be used to accelerate the clinical development of PBT2 through phase II trials of Huntington's and Alzheimer's disease to begin this year.

The company said it had been closely involved with Quintiles for a number of years and Quintiles was its clinical research partner in its last clinical trial.

Prana said Quintiles bought \$US1 million shares in June 2010 at 16.24 cents a share raising \$A1.15 million and last week's purchase was at 22.5 cents a share.

Prana said Quintiles would also receive one option for every four shares acquired exercisable at 22.5 cents a share.

Prana executive chairman Geoffrey Kempler said his company was "delighted to have the continued support of Quintiles as a significant shareholder and supporter of Prana's therapeutic goals".

"Their endorsement means a great deal to us," Mr Kempler said.

Prana fell half a cent or 2.6 percent to 18.5 cents.

CBIO

CBio has told the ASX that it is not aware of any information it has not announced which, if known, could explain recent trading in its securities.

The ASX said the company's share price rose from 49 cents on June 27, 2011 to 70 cents on July 1, 2011, a 42.86 percent increase and noted an increase in trading volume.

CBio was unchanged at 64.5 cents.