



Biotech Daily

Tuesday August 16, 2011

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH DOWN: PHYLOGICA UP 8%, CATHRX DOWN 9%**
- * **BIOSCEPTRE RAISES \$8m FOR CANCER PRODUCT, TARGETS**
- * **NEUREN PLACES \$3m SHORTFALL SHARES; AUST ETHICAL TAKES 11%**
- * **START-UP CLAIMS 18% PA RETURN ON INNOVATION FUNDS**
- * **LEAF SHIPS 1st PRODUCT; MISSES \$250 MILESTONE**
- * **VIRALYTICS 1-FOR-10 CONSOLIDATION COMPLETED**
- * **BPH: CORTICAL DYNAMICS IPO EXTENDED**

MARKET REPORT

The Australian stock market fell 0.83 percent on Tuesday August 16, 2011 with the S&P ASX 200 down 35.6 points to 4247.3 points.

Ten of the Biotech Daily Top 40 stocks closed up, 13 fell, 11 traded unchanged and six were untraded.

Phylogica was the best, up half a cent or 7.7 percent to seven cents with 393,618 shares traded.

Living Cell and Prima climbed more than five percent; Allied, Benitec and Patrys rose four percent; with Biota, CSL, QRX and Tissue Therapies up more than one percent.

Cathrx led the falls, down one cent or 9.1 percent to 10 cents with 55,182 shares traded, followed by Clinuvel down 8.55 percent to \$1.55 with 17,283 shares traded.

Impedimed lost 4.35 percent; Alchemia, Genera and Starpharma were down more than three percent; Mesoblast, Nanosonics and Pharmaxis shed more than two percent; with Acrux, Bionomics and Universal Biosensors down more than one percent.

BIOSCEPTRE INTERNATIONAL

Biosceptre says Silvercrest Investment will provide an \$8 million equity draw-down facility for its lead compound for non-melanoma skin cancer, the most common cancer indication. The Sydney-based Biosceptre said the lead compound known as Biosceptre skin cancer therapy (BSCT) was a topical polyclonal antibody directed at its Biosceptre novel proprietary cancer target, non-functional P2X7, cellular receptor responsible for apoptosis or normal cell death.

The company said it expected to begin US clinical studies by the end of 2012.

Biosceptre chief executive officer Dr Cliff Holloway told Biotech Daily that the company's platform technology was all "related to the non-functioning P2X7 apoptotic receptor".

"When a cell dies it expresses the P2X7 protein and [adenosine triphosphate or ATP] binds to the receptor forming a pore and allowing in an influx of calcium, killing the cell," Dr Holloway said.

"But a specific change in the receptor does not allow the ATP to bind and despite the many causes, including gene mutations, there is a specific change and we have a range of antibodies that recognize the subtly changed receptor, but not the normal receptors," Dr Holloway said.

"The data is quite compelling and the basal cell carcinoma trial is a stepping stone to validate the target," he said.

"The main aim is to develop a systemic drug for a range of cancers, but we begin with basal cell carcinoma because it can be seen," Dr Holloway said.

"We need to show that it is clinically validated before we move to other cancers," Dr Holloway said.

He said that once validated the company would have a product that could be licenced but also target licencing opportunities.

In a media release Dr Holloway said available topical treatments for non-melanoma skin cancer were not well tolerated resulting in poor patient compliance and BSCT offered significant advantages over those therapies.

Biosceptre said that one in five Americans would develop non-melanoma skin cancer at some point in their lives.

Dr Holloway said the Silvercrest funds would "enable us to take this product through formal clinical evaluation for the benefit of the vast number of patients who are affected by these skin lesions".

Dr Holloway said Biosceptre was founded in 2001 with funds from high net-worth individuals and said the Silvercrest funds would take the program through to the end of phase IIa clinical studies within the next three years.

The company was a joint venture partner with Peptech (which became Arana and was sold to Cephalon) developing an antibody detection method to confirm prostate cancer in tissue sections adjacent to targeted tumors (BD: Aug 10, 2006).

Last year, Commercialisation Australia granted Biosceptre \$1,748,268 for the prostate cancer diagnostic test, but Dr Holloway said the company did not proceed with the grant, turning instead to cancer therapeutics (BD: Oct 15, 2010).

Biosceptre said at that time that it would conduct clinical trials to demonstrate that its prostate cancer immuno-histochemistry diagnostic test can detect clinically significant and clinically insignificant forms of the cancer.

Biosceptre is a public unlisted company.

NEUREN PHARMACEUTICALS

Neuren says it has raised about \$3 million from the placement of 230,243,210 shortfall shares at 1.3 cents a share, from the recent rights issue.

The rights issue raised \$3.8 million of a hoped for \$8 million (BD: Jun 14, Jul 19, 2011).

Neuren said the shares were placed on the same terms as those issued under the rights issue to Australian Ethical Investments and interests associated with Lang Walker and other sophisticated investors.

The company said that including recent, previously announced private placements, the rights issue and this placement, it had secured funding of about \$8.8 million, which would cover all research and development and corporate operating expenses through 2013.

Neuren chief executive officer Larry Glass said the company was "very pleased that the fundraising has been so successful [and is] delighted to be able to welcome Australian Ethical as an investor".

Australian Ethical Smaller Companies Trust became a substantial shareholder in Neuren with the acquisition of 96,153,840 shares or 10.55 percent of the company.

Australian Ethical said it acquired the shares for \$1,250,000 or 1.3 cents a share.

Neuren was up 0.1 cents or 6.7 percent to 1.6 cents with 20 million shares traded.

START-UP AUSTRALIA

Start-up Australia says that at 10 years its main Innovation Investment Fund and smaller Innovation Investment Follow-up Fund have returned 18 percent a year.

Start-up managing director Dr George Jessup said that since 2001 the company had invested \$47 million, with \$71 million returned to investors and \$49 million retained, giving an internal rate of return of 18 percent a year.

Start-up said it had helped create 12 companies, two ASX listings, four trade sales or mergers and five drugs reaching clinical trials.

"We expect these numbers to improve even further as our key assets continue to meet critical milestones," the Start-up newsletter said.

"We continue to hold significant shareholdings in Bionomics, Alchemia, Mimetica and some smaller private companies," Start-up said.

LEAF ENERGY

Leaf Energy says it has missed a merger milestone date resulting in a \$250 payment and has shipped its first commercial sample of its plant derived Vitronectin for testing.

Leaf said Vitronectin was an extra cellular matrix protein used in applications including stem cell, gene therapy and medical research markets where it is applied for the promotion of cell adhesion, migration and proliferation.

The company said the shipment was to "an international customer, who is proceeding to test the sample for their particular use".

Leaf said it was the first sample sourced from plants using its proprietary plant production system based on its Impact technology that had been shipped.

Leaf said that although "the process to commercialize Vitronectin has begun, the August 11, 2011 timeline established under the merger for the second tranche of performance shares to be issued has not been met".

The company said the last remaining 2,500,000 performance shares issued to Farmacule shareholders for the merger would be redeemed at 0.001 cent per share.

Leaf was untraded at 8.6 cents.

VIRALYTICS

Viralytics says its one for 10 share consolidation has been completed and the company will return to trading under its original code of VLA on August 18, 2011.

The company has been trading under the temporary code of VLADA.

Viralytics said there were 59,036,726 post-consolidation shares and 4,750,000 post-consolidation options listed on the ASX

Viralytics was unchanged at 52.5 cents.

BPH ENERGY, CORTICAL DYNAMICS

BPH says the initial public offer of 3.6 percent subsidiary Cortical Dynamics was due to close today and has been extended to September 26, 2011.

BPH (formerly Biopharmica) said "the recent volatility of the stock market" was the reason for extending the offer to raise up to \$4 million to commercialize its brain anaesthesia.

The company said it was offering up to 10 million shares at 20 cents each with attaching options exercisable at 20 cents by September 30, 2012 with oversubscriptions for a further 10 million shares and options on the same terms.

A copy of the prospectus can be downloaded at www.corticaldynamics.com.

BPH was untraded at 3.5 cents.