



Biotech Daily

Friday October 21, 2011

Daily news on ASX-listed biotechnology companies

- * **ASX EVEN, BIOTECH DOWN: ANTISENSE UP 37.5%; LIVING CELL DOWN 8%**
- * **CLINUVEL EARLY VITILIGO DATA POSITIVE FOR SCENESSE**
- * **PHOSPHAGENICS PLACEMENT RAISES \$24m, SHARE PLAN FOR \$3m**
- * **VICTORIA \$10m FOR SMALL TECH; APPLY FOR TRIAL FUNDS NOW**
- * **GENESIS LOSES 7-MONTH DIRECTOR GRAHAM CHIN**
- * **CBIO BOARD SPILL POISON PILL: 'ELECT ONE, WE ALL GO'**
- * **BIONICHE WINS FERGHANA PAYMENT CLAIM CASE**
- * **GENERA AGM FOR DIRECTOR, INVESTOR OPTIONS; ELECT DIRECTORS**
- * **VIRAX AGM FOR \$99k DIRECTOR SHARES IN LIEU OF PAY**

MARKET REPORT

The Australian stock market see-sawed on Friday October 21, 2011, closing down 0.07 percent, with the S&P ASX 200 down 3.0 points to 4,141.9 points.

Eight of the Biotech Daily Top 40 stocks were up, 14 fell, six traded unchanged and 12 were untraded.

Antisense was the best, up 0.3 cents or 37.5 percent to 1.1 cents with 71.5 million shares traded.

Cellmid and Phylogica climbed more than five percent; Cochlear was up 4.6 percent; Prima was up 3.1 percent; Allied Health rose 2.9 percent; Resmed was up 1.7 percent; with Clinuvel, Mesoblast and Nanosonics up by less than one percent.

Living Cell led the falls for the second day in a row, retreating 0.6 cents or 7.8 percent to 7.1 cents with 1.2 million shares traded, in the wake of Wednesday's 144 percent rise.

Genetic Technologies lost 6.45 percent; Phosphagenics fell 5.9 percent; Anteo and Starpharma fell more than four percent; Acrux and Alchemia were down more than three percent; Prana, QRX, Sirtex and Viralytics shed more than two percent; with Patrys and Tissue Therapies down more than one percent.

CLINUVEL PHARMACEUTICALS

Clinuvel says that early data from its Scenesse combined with NB-UVB phase II trial for nonsegmental vitiligo shows accelerated and deeper pigmentation of vitiliginous lesions. Clinuvel said Clinuvel says that early clinical observations from its open label phase II pilot trial of Scenesse afamelanotide were presented at the European Academy of Dermatology and Venereology meeting in Lisbon overnight and showed that a number of patients required less narrowband ultraviolet B (NB-UVB) phototherapy dosing during the course of combination treatment.

The company said that two clinical investigators from the study the Detroit, Michigan Henry Ford Hospital, Dr Henry Lim and University of California Los Angeles clinical professor of dermatology Prof Pearl Grimes co-presented their first observations from a cohort of 21 patients undergoing re-pigmentation treatment for nonsegmental vitiligo. Clinuvel said that 50 percent of the patients were undergoing repigmentation treatment with narrowband ultraviolet B therapy in combination with Scenesse, with the other 50 percent treated with NB-UVB alone.

The company said the trial objectives were to determine whether Scenesse reduced the total dose of radiation (NB-UVB) and the time required to reactivate skin pigment producing cells (melanocytes) in vitiliginous lesions.

Clinuvel said that NB-UVB administered three times a week over 18 months was the standard of care in nonsegmental vitiligo to stimulate repigmentation in depigmented skin and prevent the progression of lesions, but it was only partially effective as a standalone therapy.

The company said that the early observations in 21 patients showed that monthly dosing of 16mg implants of afamelanotide in combination with NB-UVB had “the capacity to achieve accelerated and deeper pigmentation of vitiliginous skin lesions”.

“A number of patients have required less NB-UVB dosing during the course of combination treatment,” Clinuvel said.

The company said that the findings supported the scientific premise that melanocytes are able to adequately respond to pharmaceutical therapy with melanization of the skin in nonsegmental vitiligo.

Clinuvel said that the majority of patients in the first cohort were African-Americans and Hispanic patients (Fitzpatrick skin types IV-VI) diagnosed with nonsegmental vitiligo within the last five years.

“Our early observations from Los Angeles and proof-of-concept data suggest that afamelanotide speeds up the repigmentation of these patients,” Dr Grimes said.

“If we were to identify a drug which assists the vitiligo patients in their repigmentary process it would be an enormous advantage to patients worldwide,” Dr Grimes said.

“The early clinical observations are promising, though we need more data to arrive at definitive conclusions,” Dr Lim said. “It seems from these early observations that the drug increases the rate of repigmentation and response time following narrow band UVB.”

“During the continuation of this multi-centre study, we will analyse which type of vitiligo repigments best with combined treatment and which anatomical areas respond the most,” Dr Lim said.

Clinuvel said nonsegmental vitiligo was a disease in which there is a loss of melanin (pigment) production resulting in white or off-white depigmented skin lesions on different parts of the body.

The company said the US and European studies would recruit between 80 and 120 patients in total, with interim results expected in the middle of 2012.

Clinuvel was up one cent or 0.7 percent to \$1.51.

PHOSPHAGENICS

Phosphagenics has raised \$24.1 million in two placements at 14 cents a share and hopes to raise \$3 million through a share plan at the same price for its oxycodone patch trial.

Phosphagenics said it raised \$17.1 million in a placement to institutions and sophisticated investors and raised a further \$7 million in a placement to a Singapore investor.

Phosphagenics chief executive officer Dr Esra Ogru said the funds would support the tocopheryl phosphate mixture (or TPM) oxycodone trial scheduled to start next month.

The company said Orbis Capital was its largest shareholder and had increased its holding by \$5.7 million.

Phosphagenics said Bell Potter Securities and RBS Morgans were joint lead managers of the “substantially over-subscribed” placement.

The company said the share plan record date was October 20, 2011 would be able to apply for parcels of shares up to \$15,000.

The company said the plan would open on October 24, and close on November 7, 2011.

Phosphagenics fell one cent or 5.9 percent to 16 cents with 9.3 million shares traded.

VICTORIA GOVERNMENT

Victoria’s Minister for Technology Gordon Rich-Phillips has announced a \$10 million plan to support the use of small technologies.

“Our vision for the future is to bring together the transformative power of the major technology platforms - biotechnology, [information and communications technology] and small technologies – to unleash greater innovation and wider economic benefits,” Mr Rich-Phillips said in a media release.

“The Coalition Government is providing \$10 million to support Victorian businesses to take advantage of the opportunities offered by small technologies and the breakthroughs they are generating,” Mr Rich-Phillips said.

The media release said that one of the key programs was the continuation of the Small Technologies Industry Uptake Program, linking industry partners with providers of small technologies.

The State Government said that applications for 2012 Small Technologies Trial Vouchers worth up to \$250,000 each opened today and will close on November 18, 2011.

The media release said that the vouchers could be used to trial existing small technology-based innovations, such as developing prototypes or conducting pilot-scale trials, or to improve existing products or processes through the adoption or integration of small technologies.

A State Government media officer told Biotech Daily that up to \$5.6 million was available for the trial voucher program with the balance going to a range of smaller programs.

The small technologies plan includes the Technology Trade and International Partnering Program and other programs.

To apply for small technologies trial vouchers go to: www.stc-melbourne.com and for more information go to: www.business.vic.gov.au.

GENESIS RESEARCH AND DEVELOPMENT CORPORATION

In a one line announcement Genesis said Graham Chin had resigned as a director.

Mr Chin was appointed a director on March 14, 2011.

Genesis was untraded at three cents.

CBIO

Cbio says that if any one of three shareholder action group proposed directors are elected, "each and every existing non-executive director will resign with immediate effect". The action group proposed replacing chairman Stephen Jones and directors Prof John Funder and James Greig with former Amrad director Helen Cameron, Ergon Energy chairman Dr Ralph Craven and Warren Brown (BD: Sep 5, 7, 2011).

The action group criticized the phase II trial of XToll for rheumatoid arthritis, which failed to meet its primary endpoint (BD: Aug 1, 2011) and a related media announcement.

This week CBio released details from the trial (BD: Oct 17, 2011).

Today, CBio said the ASX would not permit it to publish a letter to shareholders about the November 4 board spill meeting and directed shareholders to its website.

The ASX provided Biotech Daily with Guidance Note 8 on continuous disclosure which says: "The information contained in a market release or announcement should be factual and relevant and expressed in an objective and clear manner. The use of emotive or intemperate language should be avoided ... [the company announcements platform] should not be used for promotional purposes or as a forum for subjective debates."

The CBio media release to the ASX that was allowed, said the letter to shareholders addressed concerns about the proposed directors and "corrects a number of ... statements which have been made by the group of requisitioning shareholders".

"The board of directors wishes to express very clearly to shareholders that all existing directors would find it untenable to work alongside any of the proposed directors and that should any of the proposed directors be voted into place, each and every existing non-executive director will resign with immediate effect," the media release said.

All nine CBio directors are non-executive. They are Mr Jones, Prof Funder, Mr Greig, Jason Yeates, Dr Michael Monsour, Dr Goran Ando, Dr Peter Corr, Dr Terje Kalland and Dr Thomas Lonngren.

CBio fell half a cent or 2.4 percent to 20.5 cents.

BIONICHE LIFE SCIENCES

Bioniche says that a New York court has granted summary judgment in its favor, dismissing all claims brought by former licencing advisor, Ferghana Partners.

Bioniche said that Ferghana filed a suit in December 2009, seeking payment of six percent of the funds received under Bioniche's partnership related to Urocidin for bladder cancer, claiming it was entitled to a finder's fee.

Bioniche said the claim related to an outreach never disclosed to Bioniche, made without the company's approval and in violation of the terms of the advisory agreement.

The company said the New York County First Department Supreme Court 19-page ruling dismissed all of Ferghana's claims and denied Ferghana's cross motion to amend its complaint to include additional allegations and claims.

Bioniche said that in the discovery process it found evidence supporting counterclaims against Ferghana for its failure to properly advise and represent Bioniche.

The company said the court was yet to rule on those counterclaims against Ferghana, which included fraud, breach of fiduciary duty, breach of contract, unjust enrichment, quantum merit and related punitive damages.

Bioniche chairman Graeme McRae said that the detailed ruling from Justice Melvin Schweitzer "has vindicated our position that Ferghana's demand for payment was completely without merit and we are committed to vigorously pursuing our counterclaims to a successful conclusion".

Bioniche was untraded at 70 cents.

GENERA BIOSYSTEMS

Genera shareholders will vote to issue 2.1 million options to directors as well as 5,502,014 investor options to share plan participants including directors and former directors.

Genera's notice of annual general meeting asks for approval to issue 300,000 options each to chairman Lou Panaccio and director Jim Kalokerinos, exercisable at 50 cents within five years of issue and 1.5 million options to Mr Panaccio exercisable at 33 cents by April 8, 2013.

The meeting will also vote on the issue of 42,144 investor options to former director Fernando Careri, 108,843 options to Dr Karl Poetter, 5,000 options to Mr Kalokerinos and 151,515 options to Bill Tapp, as well as 5,194,512 options to non-related party investors, issued at one cent and exercisable at 33 cents by April 8, 2013.

Genera said shareholders would also vote on the re-election of directors Mr Kalokerinos, Mr Panaccio and David Symons.

The meeting will be held at Grant Thornton, Level 2, 215 Spring Street, Melbourne on November 24, 2011 at 11am (AEDT).

Genera was untraded at 14 cents.

VIRAX HOLDINGS

Virax shareholders will vote to issue shares to the value of \$99,326 to three directors "in satisfaction of deferred directors' remuneration".

The Virax notice of annual general meeting asked for approval to issue shares to the value of \$40,875 to chairman Michael Humphris, \$29,975 to Ian Pyman and \$28,476 to Tim Cooper.

The notice said the shares would be issued at the 14-day volume weighted average price prior to issue and would cover remuneration from April 1, 2011 to September 30, 2011.

Virax said shareholders would also vote on the re-election of director Ian Pyman.

The meeting will be held at Quest Beaumont, 7 Studley Park Road, Kew, Victoria on November 18, 2011 at 3.30pm AEDT).

Virax fell 0.1 cents or 6.25 percent to 1.5 cents.