



Biotech Daily

Friday October 7, 2011

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH UP: QRX UP 15%; GENETIC TECHNOLOGIES DOWN 6%**
- * **PATRYS CEO DR MARIE ROSKROW: '\$5m NEEDED, \$15m BETTER'**
- * **VIRALYTICS: 'CAVATAK ACTIVE AGAINST BRAF-RESISTANT CANCER'**
- * **INEX DISTRIBUTES HEALTHLINX OVPLEX IN MALAYSIA**
- * **CALZADA LOSES CEO DR STEWART WASHER**
- * **BIONOMICS AGM ON 2.6m CEO OPTIONS, DIRECTOR ELECTION**
- * **CLINUVEL AGM VOTES ON 230k DIRECTOR PERFORMANCE RIGHTS**
- * **BIOTRON REQUESTS PHASE IIa HEP C RESULTS TRADING HALT**
- * **PROBIOMICS REQUESTS ACQUISITION, CAPITAL RAISING TRADING HALT**

MARKET REPORT

The Australian stock market was up 2.29 percent on Friday October 7, 2011 with the S&P ASX 200 up 93.0 points to 4,162.9 points.

Twenty of the Biotech Daily Top 40 stocks were up, seven fell, five traded unchanged and eight were untraded.

QRX was the best, up 18 cents or 15.25 percent to \$1.36 with 366,053 shares traded, followed by Patrys up 12 percent to 5.6 cents with 70,000 shares traded.

Pharmaxis climbed 8.8 percent; Allied Health, Circadian, Nanosonics, Phosphagenics, Prima and Sirtex rose six percent or more; Acrux, Impedimed and Mesoblast were up more than four percent; Alchemia, Clinuvel, Prana, Resmed and Viralytics were up more than three percent; Living Cell rose 2.2 percent; with CSL and Reva up more than one percent.

Genetic Technologies led the falls, down one cent or 5.9 percent to 16 cents, with 433,727 shares traded, followed by Benitec down five percent to 1.9 cents with one million shares traded.

Genera and Phylogica lost more than three percent; Bionomics and Tissue Therapies shed more than two percent; with Biota and Cochlear down by less than one percent.

PATRYS

Patrys chief executive officer Dr Marie Roskrow has told a Melbourne investor briefing that the company would need \$5 million to continue its lead programs.

Dr Roskrow told the briefing organized by Buchan Consulting at the offices of Wilson HTM that \$15 million would enable the company to conduct all the early stage trials required to demonstrate the safety and efficacy of its human antibody products for a range of cancers. Dr Roskrow said all of Patrys's immunoglobulin M (IgM) pipeline had been developed in-house through a subsidiary in Germany with research and development carried out at the University of Würzburg and the company had a deep pipeline with three lead candidates, PAT-SM6 for melanoma, solid tumors and multiple myeloma, PAT-LM1 for solid tumors and PAT-SC1 for gastric cancer and solid tumors, each with a separate cancer surface target,

Dr Roskrow said that the Patrys antibodies "only recognize cancer cells, but do not bind to normal cells" indicating a very clean side-effect profile.

Dr Roskrow said PAT-SC1 targeted CD55 and a 10-year follow up of 30 of 51 patients treated with the compound prior to gastric cancer surgery compared to 51 historic controls indicated a 50 percent 10-year survival rate chance compared to 30 percent for the untreated cohort.

She said that the primary markets for gastric cancer drugs were Japan and South Korea, where the company would be looking to develop or partner PAT-SC1.

Dr Roskrow said PAT-LM1 targeted the NONO protein and animal models had demonstrated potent killing activity across multiple cancers.

She said the company had a choice to licence the compound or retain it for future development.

Dr Roskrow said PAT-SM6 targeted GRP78 and was in a phase I dose-ranging trial for recurrent in-transit cutaneous melanoma in Adelaide with a second centre in Brisbane recently added to assist recruitment.

Dr Roskrow said there were no known competitors for her company's targets.

"We have new types of antibodies against new types of targets," Dr Roskrow said.

She said there were always patients resistant or refractory to existing drugs and hence there was always a need for new treatments.

Dr Roskrow said that there had been no adverse events so far in the trial but biopsies on two patients found PAT-SM6 in tumors.

"We are 100 percent sure that PAT-SM6 reached the melanoma ... and there is early evidence of some apoptosis," Dr Roskrow said.

"In 12 months we have moved from being pre-clinical to a clinical stage company," Dr Roskrow said.

She said the University of Würzburg wanted to conduct a phase I/II trial of up to 12 patients of PAT-SM6 for multiple myeloma, which would cost about \$1 million.

Dr Roskrow said the University would undertake the trial "at cost" and without the need for a contract research organization.

She said the company wanted to run a phase I/II trial of PAT-SM6 for stage IV melanoma patients in Australia that would cost \$3 million and preclinical work and a phase I/II trial of PAT-LM1 for solid tumors would cost a further \$5 million.

"We have a very good discovery engine and a refrigerator full of candidates," Dr Roskrow said.

Dr Roskrow said the company would need \$5 million to move PAT-SM6 forward and \$15 million would cover all the proposed programs.

Patrys was up 0.6 cents or 12 percent to 5.6 cents.

VIRALYTICS

Viralytics says that Cavatak displays potent oncolytic activity against melanoma cells resistant to selective BRAF kinase inhibitors.

Viralytics said that a paper on pre-clinical studies showed that Cavatak was active against resistant cells including those resistant to the recently US Food and Drug Administration-approved BRAF kinase inhibitor melanoma treatment vemurafenib, marketed by Hoffman-La Roche as Zelboraf.

The company said that the paper entitled 'Cavatak (Coxsackievirus A21) displays potent oncolytic activity in BRAFV600E mutant melanoma cells which show resistance to selective BRAF kinase inhibitors' would be presented by chief scientific officer Dr Darren Shafren at the Society for Melanoma Research meeting in Tampa Florida, November 9-11, 2011.

Viralytics said that vemurafenib was a small molecule drug designed to inhibit the mutated BRAF V600E kinase which occurs in the melanoma cells of about 50 percent of patients. The company said that preliminary pre-clinical data suggested Cavatak might possess the potential to work in combination or in sequential regimes with vemurafenib in mediating direct killing of malignant melanoma cells.

Viralytics said that Roche was pursuing a broad development program with vemurafenib including additional research with combination treatments.

The company said that combining vemurafenib with other combinations of products could lead to better outcomes for melanoma patients with the BRAFV600E mutation.

Viralytics was up 1.5 cents or 3.2 percent to 49 cents.

HEALTHLINX

Healthlinx says distributor Inex will begin selling its Ovplex ovarian cancer test in Malaysia from October 10, 2011.

Healthlinx said Ovplex would be available in Kuala Lumpur from Monday with distribution extending to major Malaysian cities in January 2012.

The company said Ovplex had been available in Singapore market since October 2010 and sales in Singapore and Malaysia were expected to grow to more than 150 units per month over the next six to 12 months.

Healthlinx said that with Inex it was exploring private insurance reimbursement on the test which could further increase sales.

Healthlinx managing director Nick Gatsios said the expansion was "an excellent result for women in Malaysia who now have access to Ovplex".

"As a company we are excited with Inex's proactive expansion strategies and management of both companies are working very closely to ensure further expansion occurs in a seamless, cohesive and timely manner," Mr Gatsios said.

Healthlinx said Inex would expand into other jurisdictions, including Indonesia and India. Healthlinx was unchanged at 1.6 cents with 2.9 million shares traded.

CALZADA

Calzada says chief executive officer Dr Stewart Washer has resigned "after significant discussion and by mutual agreement".

Dr Washer was appointed in November last year (BD: Nov 24, 2010).

Calzada said that as a result of the change the heads of each business unit, Polynovo's Laurent Fossaert and Metabolic's David Kenley would report directly to the board.

Calzada fell 0.3 cents or five percent to 5.7 cents.

BIONOMICS

Bionomics shareholders will vote to approve three resolutions issuing up to 2,595,000 options to chief executive officer Dr Deborah Rathjen and an employee option plan. The Bionomics annual general meeting will vote on the issue to Dr Rathjen of 95,000 options exercisable at 61.4 cents each within five years of issue, 500,000 options exercisable at 61.4 cents each within five years of issue and 2,000,000 options pending performance milestones exercisable at 92.1 cents each within five years of issue. Bionomics said the annual general meeting would also vote on the re-election of director Christopher Fullerton.

The meeting will be held in the Marble Room, Radisson Blu Plaza Hotel, 27 O'Connell Street, Sydney on November 9, 2011 at 10.30am (AEDT).

Bionomics fell one cent or 2.2 percent to 45 cents.

CLINUVEL

Clinuvel's annual general meeting will vote to approve conditional performance rights to four directors and re-elect two directors.

Clinuvel said shareholders would vote on the approval of the issue of 80,000 performance rights to chair Stan McLiesh and 50,000 performance rights each to directors Brenda Shanahan, Jack Wood and Elie Ishag.

Clinuvel said the annual general meeting would also vote on the re-election of Mr Ishag and Mr Wood.

The meeting will be held at Grant Thornton, Level 2, 215 Spring Street, Melbourne, on November 9, 2011 at 10am (AEDT).

Clinuvel was up five cents or 3.45 percent to \$1.50.

BIOTRON

Biotron has requested a trading halt "pending release of preliminary results from the phase IIa hepatitis C clinical trial".

Trading will resume on October 11, 2011 or on an earlier announcement.

Biotron last traded down 0.1 cents or 1.02 percent at 9.7 cents.

PROBIOMICS

Probiomics has requested a trading halt to disclose "a proposed major acquisition which will also involve a capital raising".

Trading will resume on October 11, 2011 or on an earlier announcement.

Probiomics last traded at 0.6 cents.