



Biotech Daily

Friday December 2, 2011

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH UP: ANTISENSE UP 14%, PATRYS DOWN 7.5%**
- * **PATRYS RAISES \$3.4m FOR LEAD PAT-SM6 PROGRAM**
- * **CBIO APPOINTS DR CRAVEN CHAIR, MS CAMERON M-D, CUTS FEES 30%**
- * **IM MEDICAL REQUESTS RADIOLOGY SALE TRADING HALT**
- * **ISONEA TO TRADE ON US OTC MARKET FROM 2012; HISTORY**
- * **MAYNE APPOINTS SCOTT RICHARDS CEO IN 2012; STARTS ON \$400k**
- * **SAFETY MEDICAL SWAPS NEEDLES FOR COPPER, GOLD MINING**

MARKET REPORT

The Australian stock market was up 1.4 percent on Friday December 2, 2011 with the S&P ASX 200 up 59.4 points to 4288.0 points.

Seventeen of the Biotech Daily Top 40 stocks were up, nine fell, seven traded unchanged and seven were untraded.

Antisense was the best, up 0.4 cents or 14.3 percent to 3.2 cents with 110.4 million shares traded, followed by Benitec up 13.3 percent to 1.7 cents with 4.6 million shares traded.

Viralytics climbed six percent; Nanosonics was up 5.1 percent; Acrux and Neuren were up more than four percent; Biota, Optiscan, Phosphagenics, Prima and Starpharma were up more than three percent; Living Cell and Mesoblast rose two percent or more; with Alchemia, Bionomics, CSL and Phylogica up more than one percent.

Patrys led the falls, down 0.3 cents or 7.5 percent to 3.7 cents, with 30,000 shares traded.

Allied Health and Prana lost more than six percent; Compumedics was down 5.9 percent; Avita fell 4.8 percent; QRX was down 3.2 percent; with Impedimed and Reva down more than one percent.

PATRYS

Patrys has raised \$3.4 million through a placement at three cents a share to institutional and sophisticated investors, a 40 percent discount to its pre-placement price.

Patrys said the placement was conducted by Lodge Corporate as lead manager, was oversubscribed and supported by domestic and international institutions and sophisticated investors as well as the board and management.

Patrys chief executive officer Dr Marie Roskrow told an investor briefing in October that the company needed \$5 million to continue its lead programs and \$15 million to conduct all the early stage trials required to demonstrate safety and efficacy of its human antibody products for a range of cancers (BD: Oct 7, 2011).

Dr Roskrow told Biotech Daily today that the \$3.4 million would cover the conclusion of the PAT-SM6 phase I melanoma trial and support a PAT-SM6 phase I/IIa multiple myeloma trial.

Dr Roskrow said the melanoma trial was expected to complete recruitment by the end of this year with full results available by April 2012.

Dr Roskrow said she hoped to begin recruitment in the multiple myeloma trial in April 2012 and it would take about 12 months to complete, with results available in 2013.

In a media release Patrys said the funds raised would also go to further prepare PAT-LM1 for a clinical trial and/or partnering and would support business development and licencing activities for PAT-SC1, as well as expand the pipeline through internal research and development.

The company said 37 million shares would be issued under the 15 percent placement capacity and the balance would be issued subject to shareholder approval at an extraordinary general meeting to be convened on or about January 11, 2011.

Patrys fell 0.3 cents or 7.5 percent to 3.7 cents.

CBIO

CBio has appointed Dr Ralph Craven chairman, Helen Cameron interim managing director and reduced directors fees by 30 percent.

Dr Craven, Ms Cameron and Warren Brown were nominated by the shareholder action group to replace founder and chairman Stephen Jones and directors Prof John Funder and James Greig (BD: Sep 5, 7, 2011).

The then board strongly resisted the action group, but this week founder Dr Michael Monsour and two directors appointed on November 4 resigned, leaving the three action group nominated-directors with two European-based directors Dr Terje Kalland and Dr Thomas Lonngren, down from the previous 10-member board (BD Nov 4, 29, 2011).

The action group was created following non-significant results for CBio's XToll for rheumatoid arthritis, with complaints about the trial design and the explanation of the results (BD: Sep 7, 2011).

Dr Craven is the chairman of Queensland Government electricity distributor Ergon Energy, and according to Ergon's website is also deputy chairman of Arrow Energy and a director of Tully Sugar.

Ms Cameron is a former Amrad director and Avexa chair and was formerly the head of healthcare research at Citigroup.

CBio said the directors resolved to reduce directors' fees by 30 percent "to be in line with industry norms".

CBio was unchanged at 19 cents.

IM MEDICAL

IM Medical has requested a trading halt “pending clarification of the revised timetable for the completion of the sale of its radiology business to Capitol Health”.

In August, IM Medical withdrew extraordinary general meeting resolutions to sell the Mark Scott radiology business and approve a rights issue, while a resolution to issue shares and options relating to converting loans was defeated (BD: Aug 17, 2011).

Mark Scott Group acquired IM Medical but the company saw a raft of board changes and dissent at meetings, which followed IM’s inability to commercialize its Intelliheart cardiac testing system (BD: Jun 20, 2008; Jun 10, 30, Nov 22, 2010; Feb 7, Mar 10, 2011).

Trading will resume on December 6, 2011 or on an earlier announcement.

IM Medical last traded at 0.6 cents.

ISONEA (FORMERLY KARMELSONIX)

Isona says it has been approved to trade American depositary receipts (ADRs) on the US over-the-counter exchange from January 2, 2012 under the symbol ISOAY.

Isona said the Bank of New York Mellon would be the depositary bank for the program.

Isona chief executive officer Michael Thomas said the facility was a “milestone ... important for the continued transformation of the new company”.

“There is notable shareholder value to be realized as technology development and commercial milestones are met throughout 2012,” Mr Thomas said.

“The planned engagement of US investors should give new spirit to shareholders,” Mr Thomas said.

“Trading on the OTC exchange will allow US investors to participate in the growth of the company,” Mr Thomas said.

Isona said its products to monitor and manage asthma and other respiratory disorders had been approved by the US Food and Drug Administration, the European Union and the Australian Therapeutic Goods Administration.

Isona began life as Karmelsonix when it opened on the ASX on November 27, 2006 as “a device company for the management of pulmonary diseases” formed through an alliance of technologies from the Pulmosonix division of Premier Bionics and the Israel-based Karmel Medical Acoustic Technologies with Salus Technologies (ASX: SAH) used as the vehicle for buying-in the intellectual property (BD: Nov 24, 2006).

Karmelsonix launched with a market capitalization of \$15 million and a total share issue of 257 million shares.

Isona has 1,146,004,309 shares on offer, along with 47,355,657 listed options and a market capitalization of \$4.6 million.

Karmelsonix and Premier Bionics director Dr Henry Pinski and Israel-based Karmelsonix director Prof Noam Gavriely told Biotech Daily at that time that Premier chairman, Peter Marks, would be chairman of Karmelsonix, with Dr Reuven Regev as chief executive officer and Dr Pinski and Prof Gavriely directors.

On November 21, Premier became 12.5 percent substantial in Karmelsonix (Salus) with 10 million shares while Karmel Medical Acoustic Technologies 19.28 percent substantial with 16 million shares, of which one million were held directly by Prof Gavriely.

According to www.delisted.com.au Premier became Medic Vision in May 2007.

Karmelsonix (Salus) traded at six cents in November 2006, reaching 26.5 cents a share in July 2007, before falling to four cents in July 2008 and trading at two cents in 2010.

None of the founders remain with the company, with Prof Gavriely selling down his holding and criticizing the company, earlier this week (BD: Nov 30, 2011).

Isona was down 0.1 cents or 16.7 percent to 0.5 cents with six million shares traded.

MAYNE PHARMA GROUP

Mayne Pharma says Scott Richards will be appointed chief executive officer and managing director in February 2012 replacing Dr Roger Aston.

The company said Mr Richards was the president of European operations and hospital business for Intas Pharmaceuticals and had more than 20 years' experience in the pharmaceutical industry in Europe, the US and Asia.

Mayne said Mr Richards was previously Actavis' head of hospital generics business and was with Mayne Pharma for four years, following 14 years with F H Faulding.

The company said chief executive officer Dr Roger Aston would consultant to the board and work with the company to ensure a smooth transition for Mr Richards.

Mayne said Mr Richards would have a total fixed remuneration of \$400,000 a year, fixed for two years, then reviewed annually.

The company said Mr Richards would be eligible for a short-term incentive of up to 20 percent of his total remuneration package, pending key performance indicators.

Mayne said that subject to shareholder approval, Mr Richards would be awarded a long term incentive, in the form of a maximum of 7.5 million options to vest in three tranches, subject to achievement of both share price performance and service conditions.

Mayne was up one cent or 2.2 percent to 47 cents.

SAFETY MEDICAL PRODUCTS

Safety Medical says research for a review of its Securetouch syringe shows a continuing demand for safer syringes, but it will go copper and gold mining instead.

Safety Medical said demand had seen investment narrowing the gap between the price of traditional syringes and safety syringes, with growth rates of 12 percent in North America and 15 percent in Europe and growth expected in pre-fillable safety syringes.

The company said it had review its patent families and decided to allow all patents to lapse other than the two core patent families, patent 27295, relating to first iteration needle shield technology and patent 30601, relating to the Securetouch needle shield technology.

Safety Medical said applications were pending for both patent families in Australia, Canada, Europe and the US.

The company said it had "recently provided a response to the US final office action which it anticipates will overcome objections from the patent examiner, beyond which the application should be allowed and proceed to eventual grant".

Safety Medical said the Securetouch was the only syringe that allowed for retrofitting to an existing syringe, allowing more current manufacturers to enter the market.

"It is however evident that pursuit of commercial outcomes for the Securetouch will be a costly exercise, with uncertain outcomes associated with the difficulties of breaking into highly competitive and regulated markets, dominated by incumbent providers and well funded pharmaceutical companies," the company said.

"The best way to enter the market is to source a suitable partner to assist with the development of the product and the markets," Safety Medical said.

The company said it had an option to acquire two tenements in the Three Rivers area of north western Australia with copper and gold the most likely commodities of interest.

Safety Medical was untraded at 0.6 cents.