



Biotech Daily

Wednesday February 1, 2012

Daily news on ASX-listed biotechnology companies

- * **QUIET JANUARY: BDI-40 FALLS 1.1%, ASX200 UP 5.1%**
 - **CLINUVEL, GENETIC TECH UP MORE THAN 30%; BIONOMICS DOWN 20%**
- * **TODAY: ASX, BIOTECH DOWN:**
 - **STARPHARMA UP 12%, ANTISENSE DOWN 9%**
- * **STARPHARMA MOUSE DATA BACKS DENDRIMER DELIVERY TO TUMORS**
- * **CALZADA ENDS TALKS WITH UNNAMED US COMPANY, KEEPS \$400k**
- * **CITI ENDS PRIME BROKER SUBSTANTIALS IN PATRYS, PHYLOGICA**
- * **EVADO OPENS SINGAPORE HELP DESK**
- * **ALLIED HEALTH HAS LESS THAN ONE QUARTER CASH, \$3.5m FACILITIES**
- * **PHARMAUST HAS ONE QUARTER CASH, 'UNEVEN PAYMENTS'**
- * **CONSEGNA HAS LESS THAN TWO QUARTERS CASH**
- * **TYRIAN HAS ONE QUARTER CASH, COSTS CUTS**
- * **AVEXA DIRECTOR JET SOEDIRDJA RESIGNS**

MARKET REPORT

The Australian stock market fell 0.87 percent on Wednesday February 1, 2012 with the S&P ASX 200 down 37.0 points to 4225.7 points.

Seven of the Biotech Daily Top 40 stocks were up, 14 fell, nine traded unchanged and 10 were untraded.

Starpharma was the best, up 15 cents or 12.4 percent to \$1.36 with 1.3 million shares traded; followed by Acrux, Impedimed and Universal Biosensors up more than one percent; with CSL, Mesoblast, Pharmaxis and Sirtex up by less than one percent.

Antisense led the falls, down 0.2 cents or 9.1 percent to two cents, with 14.4 million shares traded. Cellmid and Genetic Technologies lost more than seven percent; Avita and Bionomics fell four percent or more; Alchemia, Allied Health and Circadian were down three percent or more; Living Cell and Phosphagenics shed more than two percent; Anteo, Resmed, Tissue Therapies and Viralytics were down more than one percent; with Cochlear and QRX down by less than one percent.

BIOTECH DAILY TOP 40 INDEX (BDI-40)

The Summer holidays were a generally quiet time for the biotechnology sector with modest rises dragged down by a few significant, but low percentage, falls.

Acrux was up 19.0 percent adding \$91 million to the Biotech Daily Top 20 and Top 40 Indices (BDI-20, BDI-40), but six percent falls by Mesoblast and Heartware removed \$167 million. Nineteen of the BDI-40 companies were up, 18 fell and three were unchanged.

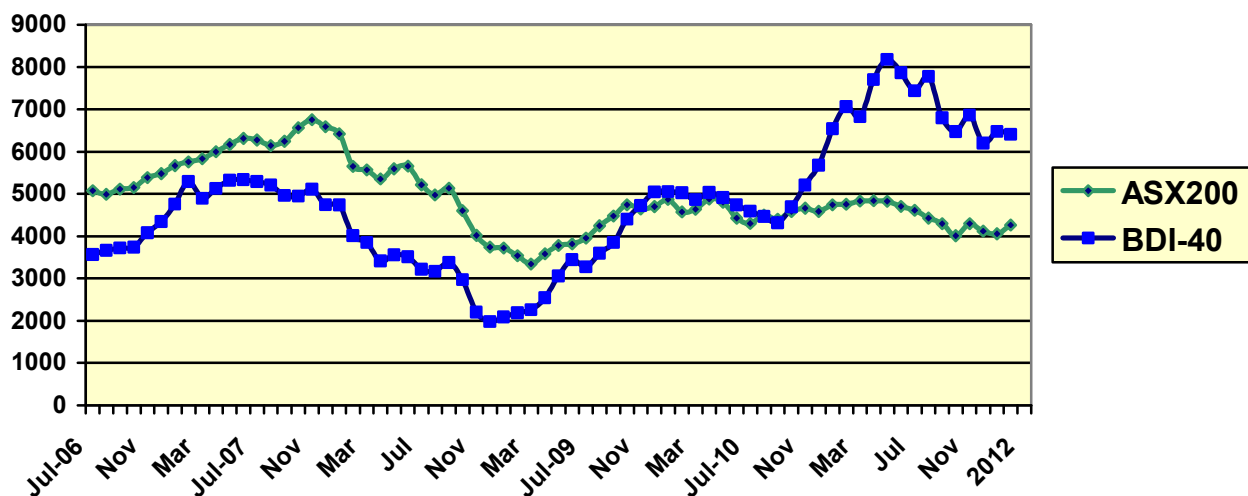
The BDI-40 (which does not include the Big Caps of Cochlear, CSL and Resmed) fell 1.1 percent in January 2012, while the S&P ASX200 climbed 5.1 percent. For the year to January 31, 2012, the BDI-40 fell 9.3 percent compared to the ASX200 falling 10.3 percent – the first time in several years that the BDI-40 has fallen in line with the benchmark index (see chart below).

The collective value of the three Big Caps lost 19.3 percent over the 12 months to January 31, 2012, with CSL more than \$1 billion above its August 31, 2011 low of \$14.8 billion but more than \$4 billion (20.2%) below its \$20.3 billion market capitalization at January 31, 2011. Resmed was up 10.9 percent for the month to \$4.3 billion while Cochlear fell 5.6 percent to \$3.4 billion.

Clinuvel was January's best, up 35.4 percent to a market capitalization of \$65 million, as it closes in on Scenesse registration, followed by Genetic Technologies up 31.25 percent to \$63 million, Uscom up 33.3 percent on thin volumes to \$4 million and Patrys recovering 30 percent from its placement to \$13 million. Benitec was up 28.6 percent, followed by Acrux (19.0%), Viralytics (16%), Sunshine Heart (11.6%) and Bioniche (10.8%).

Bionomics led the falls, down \$41 million or 20.2 percent to \$162, coinciding with the Ironwood licence for anti-anxiety compound BNC210, when many observers were expecting a bigger deal with greater value clarity (BD: Jan 22, 2012). Cathrx slipped a further 28.6 percent to \$18 million while awaiting a European deal for its catheters, followed by Allied Health and Psivida, both down 15.4 percent, Cellmid (14.3%), Compumedics (13.3%), and Reva (11.1%).

BDI-40 v ASX200 Jun 30, 2006 To Jan 31, 2012



STARPHARMA

Starpharma says that mouse data shows that its dendrimer-docetaxel formulation is "significantly more efficacious" than docetaxel (Taxotere) in a breast cancer model. Starpharma said that docetaxel was a leading chemotherapy drug used to treat a wide range of solid tumors including breast, lung and prostate.

The company said that the study of breast cancer xenograft in mice was part of its drug delivery program for docetaxel and was designed to assess the efficacy of its dendrimer-docetaxel formulations in treating cancer.

Starpharma said that it had already demonstrated a marked improvement in the water solubility of docetaxel with its dendrimer formulation.

The company said the dendrimer-docetaxel formulation demonstrated a significant enhancement of anti-cancer effect when compared to docetaxel alone.

Starpharma said that 60 percent of animals treated with dendrimer-docetaxel had no evidence of tumors at 94 days, compared to all of the docetaxel treated mice showing significant tumor re-growth or recurrence at 94 days.

Starpharma chief executive officer Dr Jackie Fairley said the initial results were "extremely encouraging".

"To have a high proportion of animals with no evidence of tumors and a significant improvement in efficacy versus docetaxel is a great result," Dr Fairley said.

"These findings together with the ability of Starpharma's dendrimers to markedly improve water solubility represent a compelling product proposition," Dr Fairley said.

Starpharma said the mice were implanted with breast cancer cells which were allowed to grow to a predetermined tumor size (100 mm³) and then 10 mice per group were dosed with either dendrimer-docetaxel, docetaxel alone, or saline on days one, eight and 15.

Tumor volume was then assessed by manual measurement and the mean volume was plotted against time in days.

Starpharma said that for both actives, dendrimer-docetaxel and docetaxel alone, the tumor volume decreased following dosing, but by day 60 all tumors in the docetaxel group began to regrow.

The company said that in the dendrimer-docetaxel group there was no evidence of tumor regrowth up to day 94, which was well beyond the typical duration of xenograft studies.

Starpharma said that based on this study and other data for dendrimer constructs it was believed that the improved efficacy of the dendrimer-docetaxel formulation was most likely due to a longer circulating half-life, the extended release of docetaxel from the dendrimer and the targeting of the dendrimer construct to tumor tissue.

The company said that improvements in efficacy in this study were in addition to the benefit of improved water solubility with docetaxel announced last year, which would also potentially allow the removal of formulation components in existing drugs thought to cause severe allergic reactions and fluid retention in some patients (BD: Jun 29, 2011).

Starpharma said that its docetaxel program would continue to run in parallel with its partnered drug-delivery programs which include a growing list of major pharmaceutical companies including Glaxosmithkline and Eli Lilly.

The company said that further pre-clinical studies were planned for the dendrimer-docetaxel formulation prior to clinical studies.

Starpharma said that docetaxel was marketed by Sanofi Aventis as Taxotere and generated sales of more than \$US3 billion in 2010.

Starpharma was up 15 cents or 12.4 percent to \$1.36 with 1.3 million shares traded.

CALZADA

Calzada says it has been unable to agree to a licence extension with an unnamed US medical device company which has paid \$US400,000 to study the Novosorb product. In January Calzada said that wholly-owned subsidiary Polynovo received the final of four \$US100,000 payments from the unnamed US company, with which it had been working since 2009 and was “an industry leader with a dominant market share in the field under review” (BD: Jan 22, 2012).

The company said at that time that in January 2011 the feasibility study for an undisclosed application was extended for 12 months to progress animal trials aimed at testing product safety and efficacy and discussions for a further extension were continuing.

Today, Calzada said that a key element of that agreement included an exclusive right to negotiate a licence to partner the technology for its ongoing development and potential use in medical procedures.

Calzada said that the terms of an extension “could not be satisfactorily agreed between the two parties, and as such Polynovo has determined that it is in the company’s best interest to regain the right to negotiate with all the key international medical device companies that operate in this field of application”.

Polynovo chief executive officer Laurent Fossaert told Biotech Daily that the \$US400,000 was non-refundable.

Calzada said that Polynovo intended to maintain “a strong and professional relationship with the US medical device company and will allow their continued investigation of Novosorb in this specific field but without retention of any exclusive rights”.

Calzada said the Novosorb technology had competitive cost and clinical advantages over existing products and it would be in a stronger position to negotiate a better outcome for Novosorb following clinical trials, due to begin in the next two months (BD: Jan 22, 2012).

Calzada said that Novosorb had potential medical applications including burns and other wound and tissue repair treatments, orthopaedic procedures and cardiovascular stents.

Calzada fell 0.1 cents or two percent to five cents.

PATRYS, PHYLOGICA

Citigroup Global Markets Australia has ceased its substantial holding in both Patrys and Phylogica. On January 13, Citigroup said it held 49,676,929 Phylogica shares (11.141%) and on January 20 it held 26,353,542 Patrys shares (7.243%) (BD: Jan 22, 2012).

Today, Citigroup said that it “ceased to hold a relevant interest [in Patrys and Phylogica] as a result of applying [Australian Securities and Investments Commission] Class order CO 11/272 to holdings for which its nominee is the registered holder”.

An ASIC ‘Explanatory Statement’ said “the purpose of this class order is directed to achieving better disclosure of substantial holdings arising from securities lending and prime broking activities”.

Patrys was untraded at 3.6 cents.

Phylogica was untraded at 3.9 cents.

ALLIED HEALTHCARE GROUP

Allied Health says its net operating cash burn for the three months to December 31, 2011 was \$1,249,000 with cash at the end of the quarter of \$598,000.

Allied chief executive officer Lee Rodne, told Biotech Daily the company had an unused \$US3 million draw down equity facility as well as a \$500,000 Australian loan facility.

Allied fell 0.1 cents or three percent to 3.2 cents with 1.1 million shares traded.

EVADO CLINICAL SOFTWARE

Evado says it has opened an Asian help desk and support centre for its web-based clinical trials software and systems at the Singapore Clinical Research Institute.

Evado chief executive officer Jennie Anderson said the support centre would provide its registry and trial clients with support throughout the Asia-Pacific region in English and Chinese from experienced clinical research associates and data managers.

Ms Anderson said the Singapore Clinical Research Institute had expertise in single, multi-site and multi-national research and in developing regional clinical research networks and the Institute's leadership of clinical trials in the Asia-Pacific region was "critical to the future of international trials", especially 'mega trials' involving up to 40,000 patients.

"In combination with Evado's Australian office and new US office, the Singapore support centre offers clients a unique, cost-effective clinical trial solution and an ability to create global clinical trial projects," Ms Anderson said.

Singapore Clinical Research Institute chief operating officer Prof Sam Lim said that Evado's clinical software would be "a tremendous help to researchers in the Asia-Pacific". Evado is a Melbourne-based private company.

PHARMAUST

Pharmaust says its net operating cash burn for the three months to December 31, 2011 was \$1,156,000 with cash at the end of the quarter of \$1,006,000.

Pharmaust said a further \$501,273 was expected in payments from its largest customer DNDi, following the December 31, cut-off date for the Appendix 4C Quarterly Report.

Pharmaust director Sam Wright told Biotech Daily that revenue payments were uneven with the three months to December 31 generally the lowest, but the company was confident it would have sufficient funds to continue its work.

Pharmaust was up 0.1 cents or 6.7 percent to 1.6 cents.

CONSEGNA GROUP

Consegna says its net operating cash burn for the three months to December 31, 2011 was \$732,000, with cash at the end of the quarter of \$874,000.

Consegna provided no further information.

Consegna fell 0.4 cents or 10 percent to 3.6 cents with 1.7 million shares traded.

TYRIAN

Tyrian says its net operating cash burn for the three months to December 31, 2011 was \$1,156,000 with cash at the end of the quarter of \$1,006,000.

Tyrian said the quarter included salary payments to executive directors and director fees to non-executive directors and all staff had been made redundant.

Tyrian was unchanged at 0.2 cents with 4.7 million shares traded.

AVEXA

Avexa says Handojo (Jet) Soedirdja has resigned as a non-executive director "due to personal time constraints arising from his other professional commitments".

Mr Soedirdja is a director of the 15.76 percent Avexa-owned Allied Health and is an investment advisor at Bell potter Securities.

Avexa fell 0.1 cents or 3.3 percent to 2.9 cents.

BIOTECH DAILY'S TOP 40 WITH MARKET CAPITALIZATION

Company \$Am	Feb-11	Jan-12	Feb-12
Cochlear	4,369	3,582	3,380
CSL	20,268	16,637	16,168
Resmed	4,852	3,844	4,264
BDI-20			
Acrux	591	478	569
Alchemia	134	84	88
Bionomics	119	203	162
Biota	231	145	149
Clinuvel	67	48	65
Genetic Technologies	42	48	63
Heartware	1,347	934	878
Impedimed	119	82	84
Living Cell	37	16	16
Mesoblast	1,460	1,932	1,821
Nanosonics	182	138	131
Pharmaxis	600	318	301
Phylogica	22	18	17
Prima	177	167	176
QRX Pharma	170	218	226
Sirtex	315	250	263
Starpharma	215	320	340
Sunshine Heart	35	43	48
Tissue Therapies	91	65	60
Universal Biosensors	239	119	119
Second 20			
Allied Health	7	26	22
Anteo	51	56	55
Antisense	6	23	22
Avita	16	30	30
Benitec	20	14	18
Bioniche	164	74	82
Cathrx	34	16	13
Cellmid	12	7	6
Circadian	30	22	23
Compumedics	24	15	13
Genera	31	10	11
Neuren	7	31	29
Optiscan	7	16	15
Patrys	23	10	13
Phosphagenics	96	214	209
Prana	34	44	48
Psivida	96	26	22
Reva	387	189	168
Uscom	16	3	4
Viralytics	19	25	29

* Biotech Daily editor, David Langsam, owns shares in Alchemia, Allied Health, Biota, Neuren, Optiscan, Pharmaxis and non-biotechnology stocks. Through Australian Ethical Superannuation he has an indirect interest in Atcor, Avita, Circadian, Pharmaxis and QRX. These holdings are liable to change.

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