



Biotech Daily

Wednesday September 12, 2012

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH UP: PHYLOGICA UP 16%, COMPUMEDICS DOWN 19%**
- * **IMPEDIMED CEO RICHARD CARREON CHANGES PAYER COURSE**
- * **PHYLOGICA COSMETIC SKIN REPAIR DEAL WITH NY'S LE MÉTIER**
- * **IMMURON SIGNS HARVEST & HEALTH FOR CHINA TRAVELAN SALES**
- * **DATA BOARD BACKS PRANA ALZHEIMER'S PBT2 IMAGING TRIAL**
- * **PERPETUAL BELOW 5% OF RESMED**
- * **PERPETUAL TAKES PROFITS IN SIRTEX TO 8%**
- * **BIONOMICS APPOINTS 2 EXECUTIVES, PROMOTES DR SUE O'CONNOR**

MARKET REPORT

The Australian stock market was up 0.82 percent on Wednesday September 12, 2012 with the S&P ASX 200 up 35.5 points to 4,361.3 points.

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

Phylogica was the best, up 0.4 cents or 16 percent to 2.9 cents with 12 million shares traded, followed by Prima up 13.8 percent to 16.5 cents with 9.6 million shares traded.

Neuren climbed eight percent; Universal Biosensors was up 7.7 percent; Circadian was up 6.25 percent; Avita, Bioniche and Phosphagenics were up four percent or more; Acrux and Bionomics were up more than three percent; Biota, Living Cell and Mesoblast rose more than two percent; Anteo was up 1.7 percent; with Reva, Sirtex and QRX up by less than one percent.

Compumedics led the falls, down 1.5 cents or 19.0 percent to 6.4 cents with 30,000 shares traded, followed by Optiscan down 10.0 percent to nine cents with 170,000 shares traded.

Prana fell 4.4 percent; Alchemia lost 3.6 percent; Pharmaxis and Viralytics were down more than one percent; with Cochlear, CSL, Heartware and Starpharma down by less than one percent.

IMPEDIMED

Impedimed's chief executive officer of eight weeks Richard Carreon is on an investor tour in Australia explaining his new program for the company.

Mr Carreon told a meeting at Wilson HTM's Melbourne office that he had spent 12 years with Medtronic based in Minnesota in which time he had taken five therapies and one diagnostic device from US Food and Drug Administration approval to commercialization and had experience in cancer, women's health, men's health and reimbursement strategies.

Mr Carreon said Impedimed's L-Dex bioimpedance spectroscopy diagnostic for the measurement of extracellular fluid differences of the limbs was superior to the 'gold standard' of tape measurement as well as water displacement and perometry in which laser measurements of the limb were made, but would vary with body mass changes, whereas the L-Dex measured fluid build up.

Mr Carreon said that despite the superior diagnostic and significant potential market insurers were rejecting reimbursement requests and demanding more data.

He said that although Impedimed had reported about 50 peer reviewed journal articles showing the L-Dex was a superior measure, the payers wanted evidence that it would also reduce long term hospital costs.

Mr Carreon said a low-cost trial of more than 700 patients was being planned at an unnamed single center that saw more than 700 breast cancer patients a year to demonstrate that treatment of sub-clinical lymphoedema was cost effective.

He said the first patients were expected to be enrolled in six to nine months and the trial completed about 12 to 18 months later, resulting in several publications over the following five years.

Mr Carreon said that despite this delay to general reimbursement the number of patient lives covered was "not at a standstill".

"We can grow revenue and get local and regional reimbursement," Mr Carreon said.

He said the company's small sales force would target multi-centre sites health maintenance organizations and accountable care organizations.

Mr Carreon said the accountable care organizations earned their money by demonstrating increased patient care and reduced cost.

He said that 40 million Americans lived in California and Nevada and those two states would be specifically targeted along with the East Coast and Texas.

Mr Carreon said that US health care groups Kaiser Permanente and 21st Century Oncology were in the process of adopting the L-Dex system.

Mr Carreon said that he expected the \$11.8 million cash burn for 2011-'12 to be reduced by 30 to 40 percent for 2012-'13.

On arrival at Impedimed, Mr Carreon sacked 31 percent of staff reducing staff numbers from 42 to 29 employees.

Mr Carreon was asked whether his business model included selling the company or partnering with a major diagnostic company, such as Medtronic, and said he had not looked at selling the company but creating a commercial business.

One investor noted that the company had paid its board "\$1 million" in the previous year and asked if that would be reduced.

According to the Impedimed annual report five board members received \$539,500 in 2011-'12 with then chief executive officer and director Greg Brown receiving \$443,092.

Mr Carreon said he would raise the question with the board.

Earlier this year, Impedimed raised \$8.7 million in a placement and share plan at 35 cents (BD: May 29, 2012).

Impedimed was unchanged at 15 cents.

PHYLOGICA

Phylogica says it has licenced skin-repair Phylomer peptide PYC35 to the New York-based Le Métier de Beauté for use in cosmetic products in the US, UK and Hong Kong. Phylogica chief financial officer Nick Woolf told Biotech Daily that Le Métier de Beauté was the same company owned by parent Métier Tribeca that signed a cosmetics deal with Phosphagenics (BD: Jan 27, 2011).

Mr Woolf said that Phylogica had undertaken preclinical evaluation of PYC35 for burns repair and ultra-violet light damage.

Mr Woolf said the further development of PYC35 by Le Métier was at no cost to Phylogica, which would receive no upfront fee but would earn significant royalties on sales.

In a media release, Phylogica said Le Métier would use PYC35 in its Peau Vierge anti-aging creams available in the US through department stores.

Phylogica said that Le Métier was responsible for all future costs including formulation, manufacturing and marketing.

Phylogica said it retained all pharmaceutical rights to PYC35, which was derived from the genome of the microorganism *Pyrococcus horikoshii*, that evolved billions of years ago, and was a thermophilic species living in undersea volcanic vents, enduring conditions of 200 atmospheres and temperatures of nearly 100°C.

The company said that in preclinical models of dermal wounds, ultra-violet radiation damage and severe skin burns; PYC35 showed potent skin-repair activity.

Phylogica said that the potential cosmetic applications included use in treatments to repair skin following sun or thermal damage and in a rejuvenating serum to reduce skin damage from long-term environmental exposure to ultra-violet radiation.

Le Métier's chief executive officer Richard Blanch said there was "genuine demand ... for products that can prevent scars and repair skin from the sources of damage such as UV exposure".

Phylogica chief executive officer Dr Paul Watt said the company expected "to announce new alliances in the coming months relating to our core drug discovery, [but] this cosmetics deal opens up a new market opportunity and could generate meaningful near-term revenue".

Phylogica was up 0.4 cents or 16 percent to 2.9 cents with 12 million shares traded.

IMMURON

Immuron says Taiwan's Harvest & Health Co will distribute its Travelan travelers' diarrhoea preventative in China and Taiwan.

Immuron said the two countries had about 60 million travelers a year, the third largest travelers' destination in the world and there was a significant amount of travel from these countries to other countries in Asia in which Travelan was recommended.

The company said that once Harvest & Health registered Travelan, a one-time milestone payment would be payable to Immuron for each of China and Taiwan on product launch.

Immuron said that 35 to 50 percent of people traveling to developing countries suffered from Travelers diarrhoea and Travelan was a natural product derived from cow colostrum specifically designed to prevent infection by enterotoxigenic *Escherichia coli* the most common cause of the illness.

Immuron chief executive officer Joe Bains said the agreement with Harvest & Health "provides us with access to a significant and growing market for our product".

"This is another significant step towards our strategy for rolling out Travelan on a global basis," Mr Bains said.

Immuron was untraded at 1.7 cents.

PRANA BIOTECHNOLOGY

Prana says the Data Safety Monitoring Board has reviewed initial data in its 40 patient Alzheimer's disease imaging trial and recommended it continue (BD: Mar 6, 2012).

Prana said the Board considered study-specific data as well as relevant background knowledge about the disease, test agent, and patient population under study.

The company said that the phase II 'Imagine' trial was double-blind, placebo-controlled enrolling patients with prodromal or mild Alzheimer's disease at five sites in Melbourne. Prana said that brain imaging was being used to measure PBT2's effect on amyloid deposits in the brain and effects on increasing brain activity.

The company said that all sites were approved and open for recruitment; 45 percent of patients were in dosing; recruitment was on Track to report by the end of 2013; three patients had reached 28 weeks of dosing, which was more than double the previous longest exposure to PBT2; and no serious adverse events reported

Prana said that in an earlier 12 week trial PBT2 both significantly changed amyloid levels in spinal fluid and improved the cognition of patients with Alzheimer's disease.

The company said the 12 months of treatment in the imaging trial aimed to establish PBT2 as a safe and effective treatment for Alzheimer's disease.

Prana said it was also conducting a six month phase II trial in 100 patients with early to mid-stage Huntington disease and the company believed that PBT2 had the potential to benefit Huntington disease patients who suffered from a range of motor, behavioral and cognitive symptoms (BD: Apr 30, 2012).

The company said the trial objective was to demonstrate safety, motor and behavioral benefits and cognitive benefits.

Prana fell one cent or 4.4 percent to 21.5 cents with 1.6 million shares traded.

RESMED

Perpetual and its subsidiaries have ceased their substantial shareholding in Resmed, buying and selling shares between July 5 and September 7, 2012 at prices ranging from \$2.97 to \$3.83 a share.

In July, Perpetual and its subsidiaries become substantial shareholders in Resmed with the acquisition of 78,850,607 shares or 5.07 percent (BD: Jul 5, 2012).

The initial substantial shareholder notice said the shares were acquired for a range of companies including RBC Dexia Investor Services, UBS Nominees, Citicorp Nominees, Cogent Nominees, JP Morgan Chase Nominees, National Nominees and State Street, between March 29 and July 2, 2012 at process ranging from \$2.91 to \$3.29.

Resmed was unchanged at \$3.80 with two million shares traded.

SIRTEX MEDICAL

Perpetual and its subsidiaries have reduced their substantial shareholding in Sirtex from 4,958,459 shares (8.89%) to 4,398,070 shares (7.89%).

Last year, Perpetual and its subsidiaries increased their holding from 2,850,000 shares (5.11%) to 4,958,459 shares (8.89%) and said at that time that shares were acquired by a range of nominee companies including JP Morgan Chase, Citicorp, National, Cogent, UBS and RBC Dexia and were acquired from May 17, 2011 to October 12, 2011 at prices from \$4.21 to \$5.25 (BD: Oct 14, 2011)

Today, Perpetual said it bought and sold shares between November 28, 2011 and September 10, 2012 at prices ranging from \$4.32 to \$7.80.

Sirtex was up one cent or 0.1 percent to \$7.70, with 355,363 shares traded.

BIONOMICS

Bionomics has appointed Dr José Iglesias chief medical officer and Dr Jeremy Simpson head of clinical development, with Dr Sue O'Connor promoted to neuroscience head. Bionomics said Dr Iglesias would join the company on November 1, 2012, bringing more than 20 years experience in the pharmaceutical industry.

The company said that Dr Iglesias worked for six years in a variety of roles at global biopharmaceutical Celgene Corporation and its wholly owned subsidiary Abraxis Bioscience.

Bionomics said Dr Iglesias was most recently vice-president of clinical development at Celgene with previous roles including chief medical officer and head of clinical development and medical affairs for Abraxis.

The company said that Dr Iglesias previously worked at Eli Lilly for more than 10 years.

Bionomics said Dr Iglesias had been published about 60 times and completed his Doctorate of Medicine at the Montevideo School of Medicine.

Bionomics said Dr Simpson was an expert in oncology and the central nervous system and spent more than 20 years in the Asia Pacific region in the healthcare, pharmaceutical and research sectors, most recently as scientific affairs director of Sydney's Fresenius Kabi Australia Pty Ltd.

The company said Dr Simpson held a Bachelor of Science from the University of Wales' Institute of Science and Technology and a PhD from the UK's Brunel University.

Bionomics said Dr O'Connor joined the company nine years ago and entered the biotechnology sector working on drug development projects in the Department of Gastroenterology at Adelaide's Flinders Medical Centre.

The company said that Dr O'Connor had "a high level of involvement with the identification of BNC210 ... for anxiety disorders".

Bionomics was up one cent or 3.1 percent to 33 cents.