



Biotech Daily

Thursday October 25, 2012

Daily news on ASX-listed biotechnology companies

- * **ASX EVEN, BIOTECH DOWN: PATRYS UP 22%, COMPUMEDICS DOWN 14%**
- * **NEOPEC: BREAST REGROWTH IN 1-OF-5 PILOT TRIAL PATIENTS**
- * **AGENIX LICENCES TYRIAN'S TECHNOLOGY FOR \$500k SHARES**
- * **ALLAN GRAY (ORBIS) TAKES 9% OF NANOSONICS**
- * **BIOXYNE REMINDER FOR SPILL MEETING, DR DOUG WILSON RESIGNS**
- * **NEUREN PLEADS SCHULTZ TO ASX 54% QUERY**
- * **PHYLOGICA HAS ONE QUARTER CASH, \$2m TAX CREDIT, \$1.6m RAISING**
- * **PATRYS PAT-SM6 MULTIPLE MYELOMA POSTER WINS GERMAN 1st PRIZE**
- * **ECO QUEST AGM FOR 10m DIRECTOR OPTIONS**

MARKET REPORT

The Australian stock market edged up 0.1 percent on Thursday October 25, 2012 with the S&P ASX 200 up 4.7 points to 4,510.5 points.

Ten of the Biotech Daily Top 40 stocks were up, 16 fell, 10 traded unchanged and four were untraded. All three Big Caps were up.

Patrys was the best, up half a cent or 21.7 percent to 2.8 cents with 2.5 million shares traded.

Phosphagenics and Tissue Therapies climbed more than six percent; Prana and Universal Biosensors were up more than three percent; Clinuvel, Nanosonics, Resmed and Viralytics were up more than one percent; with Cochlear, CSL, QRX and Sirtex up by less than one percent.

Compumedics led the falls, down one cent or 14.3 percent to six cents with 16,250 shares traded.

Antisense lost 6.25 percent; Acrux, Anteo, Neuren, Optiscan and Sunshine Heart fell five percent or more; Allied Heath and Circadian were down four percent or more; Alchemia and Living Cell shed more than three percent; Biota was down 1.6 percent; with Heartware, Mesoblast, Pharmaxis and Starpharma down by less than one percent.

[NEOPEC](#)

Neopec says its pilot human clinical trial has demonstrated proof-of-concept for breast tissue growth using its breast reconstruction chamber in one of five patients.

Neopec said that the trial followed preclinical studies conducted by the Bernard O'Brien Institute at Melbourne's St Vincent's Hospital.

Neopec non-executive director and head of the O'Brien Institute trial research team Prof Wayne Morrison presented the pilot trial results at the Sydney International Breast Cancer Congress today.

Neopec said that five women were each implanted with an acrylic prototype of the device being developed by the Neopec consortium.

"The trial has showed the concept to be safe and well-tolerated by patients," Prof Morrison said. "We were also very pleased that, in one of our trial participants, the chamber had filled with new tissue to replace that lost when her breast was removed due to breast cancer."

"This result is proof-of-principle that the chamber can provide the environment for replacement tissue to grow in humans," Prof Morrison said.

"This patient continues to be monitored to track the retention of this tissue over time," he said.

"However, the other patients showed no significant tissue regeneration," Prof Morrison said. "Further, more basic, research is required before we can justify conducting further human trials."

Neopec managing director Dr Lyndal Thorburn said the project had been "successful on a number of fronts".

"We have developed a number of new manufacturing techniques, have gained a new understanding of the role of biomaterials in implantable medical devices, have enhanced Victorian engineering design and manufacturing capabilities for future medical devices, and have obtained new insights into factors that govern soft tissue engineering," Dr Thorburn said.

"We also have an exciting development of an adipose-derived matrix that may be used with our implantable chamber to promote growth of breast fat in human patients," Dr Thorburn said. "However such a development is still some years away,"

When it launched in 2010, Neopec said its aim was to develop new pectoral muscle tissue for women to regrow breast tissue after mastectomy (BD: Apr 16, 2010).

Neopec said at that time the process used the breast cancer patient's own regenerative capacity and fat cells to build a breast that looked and felt like her other breast.

Neopec said the procedure involved implanting a biodegradable synthetic chamber, with surgeons redirecting blood vessels connected to a few of the patient's fat cells from the underarm into the chamber.

The company said that in the next four to six months, the fat was expected to grow into the shape of the chamber, which dissolved when the new breast is formed.

Neopec said it was developing Myogel, a muscle-derived product that stimulates fat deposition and it was hoped to provide women with a single, customized surgery option with advantages over breast implant and tissue transfer procedures, including a naturally aesthetic result and no donor site injury.

Neopec said it was a subsidiary of the O'Brien Institute formed from a consortium of the O'Brien Institute, Anatomics Pty Ltd, Cogentum Pty Ltd, the University of Melbourne and St Vincent's Hospital, with each member contributing their individual expertise in clinical trials, surgical techniques, biomaterials development, manufacturing and marketing.

Neopec said it was supported by a Victorian Government science and innovation grant of \$2.95 million over three years with consortium members providing matching resources.

AGENIX, TYRIAN DIAGNOSTICS

Agenix says it will licence Tyrian Diagnostics' rapid point-of-care human diagnostic technology for \$500,000 in shares to be paid over two years.

In April, Tyrian said that Bayer Cropscience AG would pay a final cash payment of \$US325,000 terminating agreements to develop and commercialize agricultural diagnostics, which followed the development of tests for tuberculosis and prostate cancer (BD: Sep 2, Oct 15, 2009; Jun 16, 2010; Aug 24, 2011; Apr 27, 2012).

Today, Agenix said it would licence exclusive world-wide royalty free rights to the human health application for Tyrian's proprietary Diagnostiq rapid point-of-care test platform, for \$500,000 in Agenix shares, payable in installments to be completed by June 2014.

Agenix said that the platform comprised a patented disposable test device which could be used for various applications either alone or together with the Diagnostiq Reader for human, animal and agricultural applications to determine action to be taken at the point of care in human and veterinary tests or point of need in agricultural and environmental tests. Agenix said it had licenced the rights to the human health applications of the Diagnostiq platform to develop the technology into a micro-array device that would process multiple human health diagnostic tests on the one system.

Agenix said that the device was currently licenced to Bayer Cropscience AG for an agricultural application.

Agenix said it would also acquire a patent for Tyrian's antibody-based test for active tuberculosis (TB), covering a novel biomarker, discovered by Tyrian, which had the potential to distinguish patients with active TB infection from those that have been infected in the past, or have been vaccinated.

Agenix executive chairman Nicholas Weston said the acquisition "advances our product pipeline and adds to our human health diagnostics business".

"We now have a platform for human health array and micro-array technology developers globally, as well as a medical device product for our expanding China business," Mr Weston said.

Tyrian chairman Roger Amos said the licence agreement with Agenix was part of the company's continued efforts to monetize its diagnostic testing assets following the recent company restructuring (BD: Feb 24, 2012).

Mr Amos said the agreement followed a 2011 licence to Speedx Pty Ltd for active TB testing approaches outside the antibody field.

Mr Weston said he did not expect the deal would impact its immediate cash need and the shares to be issued were less than 20 percent of the issued capital, would be made within its 15 percent annual placement capacity and not require shareholder approval.

Agenix was up 0.1 cents or 33.3 percent to 0.4 cents with 20,000 shares traded.

Tyrian was unchanged at 0.1 cents with 1,250,000 shares traded.

NANOSONICS

Allan Gray Australia has increased its substantial holding in Nanosonics from 20,000,000 shares (7.69%) to 23,049,955 shares (8.83%).

Allan Gray said the 3,049,955 shares were acquired between May 10 and October 22, 2012 for \$1,498,272 or an average price of 49.1 cents a share.

In May, Allan Gray, formerly Orbis Investment Management, said it bought 20,000,000 shares for \$10,600,000 or 53 cents a share and Nanosonics said its placement, which raised \$15.5 million, was led by Allan Gray with Shaw Corporate as participating broker (BD: May 4, 15, 2012).

Nanosonics was up 0.5 cents or one percent to 50 cents with 2.6 million shares traded.

BIOXYNE

Bioxyne has written to shareholders "on developments and our progress with the HI-1640V ... for chronic obstructive pulmonary disease" ahead of its board spill meeting. After the market closed, Bioxyne said director Dr Doug Wilson would resign, effective from tomorrow, October 26, 2012.

Bioxyne said earlier in the day that it had a heads of agreement with Adelaide's Vaxine Pty Ltd for a future study valued at \$3.4 million with funding from the sale of the probiotics business and the issue of 19.9 percent of equity of Bioxyne to Vaxine and a convertible note secured over intellectual property.

The company said that "the feedback on the sub-group analysis ... from internationally acclaimed experts in the field of respiratory medicine is supportive of further investigations into the findings".

Bioxyne said that "due to the early stages of this discussion there can be no guarantees of this proposal proceeding until further discussions have taken place" and the company was assessing other assets that could add value.

Next week Bioxyne shareholders will vote on seven resolutions to appoint and remove directors at extraordinary general meeting in October.

Following the failure of HI-165OV to meet its chronic obstructive pulmonary disease phase IIb trial endpoints, major shareholder Octa Phillips and later Phillip Comans called for the replacement of directors (BD: Jun 28, Aug 27, 31, 2012).

The resolutions call for the removal of chairman Ian Mutton and chief executive officer David Radford along with Octa Phillips' director Dr Jeremy Curnock Cook and directors Dr Douglas Wilson and Glenn Crisp.

The resolutions further call for the appointment as directors of Octa Phillips' Dr Stewart Washer and the Mr Comans-proposed Anthony Ho.

The meeting will be held at the Institute of Chartered Accountants, Burke & Wills Room, Level 9, 33 Erskine Street, Sydney on October 30, 2012 at 12pm (AEST).

Bioxyne was up 0.1 cents or 2.7 percent to 3.8 cents.

NEUREN PHARMACEUTICALS

Neuren has told the ASX that it is not aware of any information it has not announced which, if known, could explain recent trading in its securities.

The ASX said the company's share price rose from 2.8 cents on October 17 to 4.3 cents on October 24, 2012, a 53.57 percent increase and noted an increase in trading volume.

Biotech Daily is aware that a stock broker's analyst's note has described the company as a "speculative buy" with a target price of 17 cents.

Biotech Daily holds Neuren shares.

Neuren fell 0.2 cents or 5.1 percent to 3.7 cents with 14.6 million shares traded.

PHYLOGICA

Phylogica says its net operating cash burn for the three months to September 30, 2012 was \$1,262,000 with cash at the end of the quarter of \$1,512,000.

Phylogica chief financial officer Nick Woolf told Biotech Daily that an expected Federal Government research and development tax credit of \$1.9 million was received this week.

Earlier this month Phylogica announced a convertible note placement to raise \$1.6 million (BD: Oct 16, 2012).

Phylogica was unchanged at 2.2 cents with 2.5 million shares traded.

PATRYS

Patrys says that a research poster on PAT-SM6 for multiple myeloma has won a first prize at the German Society for Haematology and Oncology Congress in Stuttgart, Germany.

Patrys said that the poster entitled 'PAT-SM6 - a novel antibody targeting multiple myeloma' received the award for the best poster presentation in the multiple myeloma section among other prominent works from the members of the German, Austrian and Swiss Societies for Haematology and Oncology.

The company said the poster was the result of its standing with multiple myeloma experts from Germany's University of Würzburg Department of Haematology and Oncology.

Patrys said the preclinical data presented in the poster formed the basis for the phase I/IIa dose escalating study in patients with relapsed multiple myeloma, due to begin at the University Hospital Würzburg by the end of this year.

Patrys chief executive officer Dr Marie Roskrow said the company was "delighted that our preclinical work on multiple myeloma has been appreciated by an expert audience at the [Society for Haematology and Oncology] conference this year".

Patrys was up half a cent or 21.7 percent to 2.8 cents with 2.5 million shares traded.

ECO QUEST

Eco Quest shareholders will vote to issue 10,000,000 'incentive options' to director Howard Digby for no cost exercisable at two cents by September 9, 2016.

Eco Quest has an 11 percent stake in Cynata Inc, a California-based company developing multipurpose stem cell technology for regenerative medicine, with Dr Allen Bolland as its chief executive officer (BD: Oct 5, 2012).

The company said the options would be issued in four tranches over two years, with the first tranche issued immediately and the next tranche vesting at 12 months and requiring a minimum 10-day volume weighted average price of two cents and two further tranches vesting at 24 months with minimum 10-day volume weighted average prices of three cents and four cents, respectively.

Eco Quest said shareholders would also vote on the remuneration report, with a potential 'second strike' board spill resolution, a placement capacity and the re-election of directors Peter Webse, Darren Olney-Fraser and Mr Digby.

The meeting will be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia, on November 27, 2012 at 11.30am (AWST).

Eco Quest was unchanged at 2.5 cents.