



Biotech Daily

Tuesday November 13, 2012

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH DOWN: BENITEC UP 39%, ACRUX DOWN 8.5%**
- * **BENITEC, CCIA MOUSE STUDY DELIVERS ddRNAi TO LUNG TUMORS**
- * **BLUECHIIP, ITALY'S H&S DEVELOP BIO-BANK SOFTWARE**
- * **ASX SUSPENDS BROKE GENESIS, DIRECTORS RESIGN**
- * **VIRALTYICS RECEIVES \$1.5m R&D TAX PAYMENT**
- * **BRUCE MATHIESON INCREASES TO 9% OF MAYNE**
- * **SANOFI APPOINTS LAURENCE MCALLISTER M-D AUSTRALIA, NZ**
- * **SUNSHINE HEART, CM CAPITAL LOSE DR MARK HARVEY**
- * **CM CAPITAL'S ANDY JANE REPLACES OSPREY DIRECTOR DR HARVEY**
- * **CALZADA TO LOSE DIRECTOR DR JOHN CHIPLIN**
- * **ST VINCENT'S ASIAN BIOTECH CENTURY FORUM**

MARKET REPORT

The Australian stock market fell 1.53 percent on Tuesday November 13, 2012 with the S&P ASX 200 down 68.2 points to 4,379.8 points. Seven of the Biotech Daily Top 40 stocks were up, 19 fell, nine traded unchanged and five were untraded.

Benitec was the best, up half a cent or 38.5 percent to 1.8 cents with 43.3 million shares traded. GI Dynamics and Uscom were up more than six percent; Universal Biosensors was up 5.8 percent; QRX was up 3.5 percent; Tissue Therapies rose 2.9 percent; with Clinuvel and Cochlear up more than one percent.

Acrux led the falls, down 25 cents or 8.5 percent to \$2.69 with two million shares traded, followed by Avita down eight percent to 11.5 cents with 350,150 shares traded. Ellex lost seven percent; Viralytics was down 5.6 percent; Allied Health, Bionomics, Mesoblast and Phylogica fell more than four percent; Living Cell, Phosphagenics and Prima were down more than three percent; Circadian, Nanosonics, Prana, Reva and Starpharma shed more than two percent; Anteo and Resmed were down more than one percent; with Alchemia CSL and Pharmaxis down by less than one percent.

BENITEC BIOPHARMA

Benitec says mouse data has shown that a gene-silencing molecule Tribetarna delivered to lung tumor cells has shown an efficient uptake and silencing of the target tumor gene. Benitec said that with researchers at the University of New South Wales Children's Cancer Institute Australia, the pre-clinical program was targeting the silencing of the gene, beta III tubulin, associated with chemotherapy resistance in non-small cell lung cancer. Benitec said that on the basis of the data it would exercise its option to take an exclusive licence from the University of New South Wales of the patent covering targeting of beta III tubulin by RNAi to overcome chemotherapy resistance.

The company said that the data confirmed that an intravenous injection of the program's silencing molecule, Tribetarna, was "very efficiently taken up by lung tumors" and resulted in significant silencing of the target gene in those tumors.

Benitec said that the take-up and silencing was "likely to result in the reduction of tumor resistance to chemotherapy drugs, which is being confirmed in ongoing experiments".

The company said the study examined six control-treated mice and six Tribetarna-treated mice with human lung tumors and it was believed to be the first time that an intravenous injection of a ddRNAi silencing molecule had been shown to reach a lung tumor and to provide high levels of efficacy within the tumor.

Benitec chief executive officer Dr Peter French said that the data was "very pleasing".

"Given the concern from some in the RNAi field around delivery of RNAi molecules to the target tissue, these data clearly demonstrate that the therapeutic molecule can be delivered to the tumors at very high levels via a systemic injection," Dr French said.

"Being able to deliver potent gene silencing molecules specifically to the lung tumors opens the door to accelerate this program towards the clinic," Dr French said.

Children's Cancer Institute chief investigator Prof Maria Kavallaris said that "the theoretical and operational challenges to achieve this degree of silencing in an in-vivo model of lung cancer were considerable when we started the program".

"This data gives us the confidence to further refine the program and begin planning for clinical testing of Tribetarna," Prof Kavallaris said.

Benitec was up half a cent or 38.5 percent to 1.8 cents with 43.3 million shares traded.

BLUECHIIP

Bluechiip says it has signed a joint development and collaboration agreement with Italy's H&S Qualità nel Software (H&S).

Based in Piacenza, near Milan, Bluechiip said that H&S was a leader in the research and development of high technology software and services, providing services to healthcare and telecommunication companies as well as banks and insurance companies.

Bluechiip said that H&S supplied Cryomore, a bio-bank management software system which tracks conditions in cryo-preservation tanks, distributed by France's Air Liquide.

Bluechiip said that with H&S it would develop and commercialize a new version of the Cryomore software, which would integrate the Bluechiip tracking system, adding capabilities to the Cryomore software, including temperature sensing and chain of custody.

Bluechiip chief executive officer Brett Schwarz said that H&S Qualità nel Software "provides another avenue to offer Bluechiip's products to the bio-banking market".

H&S Qualità nel Software chief executive officer Giovanni Rapacioli said "Bluechiip's tracking technology, especially its temperature-sensing capabilities, will add a new dimension to our already high-level tracking products".

Bluechiip fell one cent or 3.85 percent to 25 cents.

GENESIS RESEARCH AND DEVELOPMENT CORPORATION

The ASX says that Genesis has been “suspended from quotation immediately ... following the company’s announcement today that it ‘...has insufficient funds to continue, even as a non-operating investment entity’.”

Separately Genesis told the ASX that it did not have any power to appoint a liquidator which required a special resolution of shareholders or an order by the court.

The company said that all directors had resigned, except Catherine Yan who would be responsible for further director appointments, solvency and compliance.

Genesis said that it listed on the NZSX and ASX with a market capitalization of more than \$160 million, but two products in development were not successful, so it focused on RNAi drugs, as it had worked in this field since the mechanism was discovered in plants.

The company said that since 1994, more than 400 scientists worked at Genesis and many had gone on to establish start-ups such as Lanzatech, Pictor, Androgenix or become senior managers and chief executives in other organizations.

Genesis said that in 2008 and 2009 it sought funding from the New Zealand Foundation for Research Science and Technology, a Government agency that had been merged into the science and innovation group of the Ministry of Business Innovation and Employment. The company said the Foundation discounted positive reports from two of its reviewers and declined funding on the opinion of a third negative reviewer and subsequently on the basis of unstated reasons in a secret report that it refused to disclose despite requests from Genesis and the Ombudsmen.

Genesis said that despite the lack of Government support, it raised funds from its shareholders in 2009 and 2010 and in 2009 from a Japanese investor in the subsidiary Solirna Biosciences for its ssRNAi development, but this was insufficient to support activities beyond May 2010, when Genesis announced the cessation of active operations. The company said that in late 2010 it made a placement to UBNZ Funds Management and raised further funds by the issue to UBNZ of a convertible note.

Genesis said the note had not been converted as it would require an expensive appraisal report and special meeting of shareholders, because it would result in UBNZ holding more than 20 percent of Genesis and would invoke various provisions in the Takeovers Code. The company said it had sought to continue as a non-operating investment entity so that it might realize funds from its investment interest in Real Time Genomics, a bioinformatics software company, which had developed its products and had a market presence.

Genesis said that in the last two years it had reviewed several proposals, most of which involved selling an existing business to Genesis, effectively as a back-door listing.

In January 2012 Genesis announced a proposed merger with Mariposa Health but UBNZ failed to waive its rights under its security agreement to enable the merger proposal to proceed and suggested other proposals but without sufficient detail for the board to submit a proposal to shareholders, and did not provide funds for the significant transaction costs.

Genesis said it had become necessary for the company to be placed in voluntary liquidation by the shareholders and for any assets to be realized and/or distributed to shareholders, after dealing with creditor claims, but the board did not have any power to appoint a liquidator which required a resolution of shareholders or an order by the court. The company said that UBNZ could appoint a receiver, as a secured creditor under the convertible note, but had not provided any indication of its intended actions.

Genesis said that due to the lack of funds to pay for legal costs, shareholder meetings, or operating costs and the ongoing lack of communication from major shareholders UBNZ and Delight Grace, the board was unable to continue managing the company so chairman Joachim (Aki) von Roy and directors Dr Steven Gillis, Dr Andrew Gearing and Daniel Mahnert-Lueg had resigned, with Catherine Yan remaining the sole director.

VIRALYTICS

Viralytics says it has received \$1,467,000 from the Australian Taxation Office as a research and development tax concession for the year to June 30, 2012.

Viralytics said the funds would contribute to its oncolytic virus programs including the US phase II melanoma study and other potential indications including bladder cancer.

Viralytics fell two cents or 5.6 percent to 34 cents.

MAYNE PHARMA

Mayne director Bruce Mathieson has increased his shareholding from 26,823,244 shares (7.67%) to 42,044,122 shares (9.06%).

In his substantial shareholder notice, gambling machine operator Mr Mathieson said he acquired 15,220,878 shares for \$3,044,176 or 20 cents a share on November 13, 2012 as part of the company's \$65 million equity capital raising (BD: Oct 4, 2012).

Mayne fell one cent or 3.6 percent to 27 cents with 1.4 million shares traded.

SANOFI

Sanofi Japan and Pacific Region has appointed Laurence McAllister as its managing director for Australia and New Zealand, from January 2013.

Sanofi Japan and Pacific Region senior vice-president Jez Moulding said that Mr McAllister would "lead a strong team of professionals to deliver a diverse portfolio of healthcare solutions in Australia and New Zealand".

Mr Moulding said that Mr McAllister had "significant experience in general management, marketing, product development and launches in the [fast-moving consumer goods] ... across 80 markets".

"With more than 1,000 people in Australia and New Zealand, Sanofi has an important role in delivering healthcare across prescription medicines, consumer healthcare, vaccines and rare diseases," Mr Moulding said.

Sanofi said that Mr McAllister was currently the general manager of strategy and marketing with Coca-Cola Amatil.

SUNSHINE HEART, CM CAPITAL INVESTMENTS

Sunshine Heart says that director Dr Mark Harvey has resigned following his departure from major shareholder CM Capital Investments.

Sunshine Heart said that Mr Harvey was appointed a director in November of 2011 and had been a partner with CM Capital since 2008.

The company did not say whether he would be replaced by another CM Capital representative.

Earlier this year, Ausbiotech appointed Dr Harvey a director of the industry organization and he was formally elected at its conference (BD: May 28, Nov 1, 2012)

Sunshine Heart was unchanged at 3.2 cents with one million shares traded.

OSPREY MEDICAL

Osprey says that CM Capital partner Andy Jane has been appointed a director replacing Dr Mark Harvey.

Osprey said that Mr Jane joined CM Capital in August 2003 and had 20 years of experience in the biomedical field.

The company said that Mr Jane was a director of Universal Biosensors Pty, Speedx Pty Ltd, Advent Pharmaceuticals Pty Ltd, Altiris Pharmaceuticals and Piedmont Pharmaceuticals.

Osprey was up half a cent or 1.25 percent to 40.5 cents.

CALZADA

Calzada says Dr John Chiplin has will resign as a director at the conclusion of the annual general meeting on November 14, 2012.

Calzada said that Dr Chiplin had been appointed as the chief executive officer of an unrelated company.

The company said that Dr Chiplin was appointed as a director of Calzada on October 18, 2010 and had "made a significant contribution to the progress of the company".

Calzada fell 0.2 cents or 4.1 percent to 4.7 cents.

ST VINCENT'S INSTITUTE

Melbourne's St Vincent's Institute will hold a forum entitled 'Medical Research and Biotechnology in the Asian Century' on December 7, 2012.

The Institute said that the forum would bring together experts on medical research, biotechnology and Asia, "to reflect upon how we can best take advantage of Australia's position in order to improve both health and economic outcomes".

The Institute said that there was "huge potential for Australia in the convergence of the Asian Century and the age of biotechnology".

St Vincent's said that the forum would be chaired by Prof Gustav Nossal with presenters including the president of the Biophysical Society of China Prof Zihe Rao, Synthesis Med Chem chairman Prof Andrew Wilks and ANZ Bank Asia Pacific desk senior manager Clea Wiebenga.

The Institute said that forum was a free event to be held in the Telstra Conference Centre Theatrette, Level 1, 242 Exhibition Street, Melbourne on December 7, 2012 from 12:30pm to 2pm, including a light lunch.

For more information and to register go to http://www.svi.edu.au/forum_registration or call SVI Reception on +613 9288 2480 or email enquiries@svi.edu.au.