



Biotech Daily

Monday May 20, 2013

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH UP: GENETIC TECHNO UP 22%, PHYLOGICA DOWN 10%**
- * **WEHI: 'IMMUNE PROTEIN CD52 CAN STOP TYPE 1 DIABETES'**
- * **NEUREN UP 45% ON AGM**
- * **GENETIC TECHNOLOGIES SIGNS MULTIPLAN FOR BREVAGEN TESTS**
- * **PROGEN RAISES UNDERWRITTEN \$5.2m**
- * **ACORN BELOW 5% IN PHARMAXIS**
- * **BIONICHE SAYS WILLIAM WELLS HOLDS 5.6%**

MARKET REPORT

The Australian stock market was up 0.54 percent on Monday May 20, 2013, with the S&P ASX 200 up 28.2 points to 5,209.0 points.

Fourteen of the Biotech Daily Top 40 stocks were up, 13 fell, 10 traded unchanged and three were untraded.

Genetic Technologies was the best, up 1.9 cents or 22.1 percent to 10.5 cents with 2.4 million shares traded, followed by Cellmid up 14.3 percent to 3.2 cents with 23.1 million shares traded, while Neuren climbed as much as 2.3 cents or 45.1 percent to 7.4 cents before closing up 0.7 cents or 13.7 percent at 5.8 cents with 52.7 million shares traded.

Allied Health and Avita climbed more than nine percent; Circadian was up 8.7 percent; Heartware rose 5.1 percent; Starpharma was up 4.8 percent; Phosphagenics was up 3.85 percent; Alchemia rose 2.7 percent; Medical Developments, Nanosonics and Viralytics were up more than one percent; with Cochlear and Sirtex up by less than one percent.

Phylogica led the falls, down 0.2 cents or 10 percent to 1.8 cents with 1.75 million shares traded.

Universal Biosensors lost 8.6 percent; Anteo, Patrys and Psivida fell more than seven percent; GI Dynamics, Osprey and Pharmaxis were down more than three percent; Atcor shed 2.7 percent; Acrux, Bionomics, Impedimed and Mesoblast were down more than one percent; with CSL and Resmed down by less than one percent.

THE WALTER AND ELIZA HALL INSTITUTE FOR MEDICAL RESEARCH

The Walter and Eliza Hall Institute says its researchers have identified immune protein CD52 as having the potential to stop or reverse the development of type 1 diabetes. The Institute says the discovery had wider repercussions because the protein was responsible for protecting the body against excessive immune responses and could be used to treat or prevent other immune disorders such as multiple sclerosis and rheumatoid arthritis.

WEHI said that Prof Len Harrison, Dr Esther Bandala-Sanchez and Dr Yuxia Zhang led the research team that identified the immune protein CD52 as responsible for suppressing the immune response and its potential for protecting against autoimmune diseases. The Institute said the research, entitled 'T cell regulation mediated by interaction of soluble CD52 with the inhibitory receptor Siglec-10', was published in Nature Immunology'. The abstract is at: <http://www.nature.com/ni/journal/vaop/ncurrent/abs/ni.2610.html>.

WEHI said that autoimmune diseases developed when the immune system attacked the body's own tissues.

WEHI said that type 1 diabetes was an autoimmune disease that developed when immune cells attack and destroy insulin-producing beta cells in the pancreas.

The Institute said that about 120,000 Australians had type 1 diabetes and the incidence had doubled in the last 20 years.

Prof Harrison said CD52 held great promise as a therapeutic agent for preventing and treating autoimmune diseases such as type 1 diabetes.

"Immune suppression by CD52 is a previously undiscovered mechanism that the body uses to regulate itself and protect itself against excessive or damaging immune responses," Prof Harrison said.

"We are excited about the prospect of developing this discovery to clinical trials as soon as possible, to see if CD52 can be used to prevent and treat type 1 diabetes and other autoimmune diseases," Prof Harrison said. "This has already elicited interest from pharmaceutical companies".

"Type 1 diabetes is a life-long disease," Prof Harrison said. "It typically develops in children and teenagers, and it really makes life incredibly difficult for them and their families."

"It also causes significant long-term complications involving the eyes, kidneys and blood vessel damage, and at great cost to the community," Prof Harrison said.

Prof Harrison said that T-cells that have or release high levels of CD52 were necessary to maintain normal balance in the immune system.

"In a preclinical model of type 1 diabetes, we showed that removal of CD52-producing immune cells led to rapid development of diabetes," Prof Harrison said.

"We think that cells that release CD52 are essential to prevent the development of autoimmune disease and that CD52 has great potential as a therapeutic agent," Prof Harrison said.

"CD52 appears to play a dominant role in controlling or suppressing immune activity in the early stages of the immune response," he said.

"We identified a specialized population of immune cells, T-cells, that carry high levels of CD52, which they release to dampen the activity of other T-cells and prevent uncontrolled immune responses," Prof Harrison said.

"The cells act as an early braking mechanism," he said.

"In animal models we can prevent and cure type 1 diabetes," Prof Harrison said.

"I am hopeful that these results will be translatable into humans, hopefully in the not-too-distant future," Prof Harrison said.

NEUREN PHARMACEUTICALS

Neuren climbed as much as 45.1 percent to 7.4 cents as chairman Dr Richard Treagus and chief executive officer Larry Glass addressed the annual general meeting.

Dr Treagus told Biotech Daily that although no new announcements were made at the meeting, shareholders were provided with an overview of “the path ahead, the strategy and the team”.

Dr Treagus told the annual general meeting in Sydney that the company had \$NZ4.24 million (\$A3.52 million) in cash at April 30, 2013.

“Given that we have a number of clinical opportunities to execute on over the coming 18 months, we are giving our full consideration to a range of funding alternatives, including but not limited to additional army funding, grant monies, as well as the potential for introducing strategic investors,” Dr Treagus said.

“The company is not under any immediate pressure to raise funds and we are confident that we have the full support and commitment of our major shareholders in the event that additional equity funding is considered necessary,” Dr Treagus said.

Dr Treagus acknowledged the two retiring directors, Dr Doug Wilson and former chairman Dr Robin Congreve

Mr Glass said that Neuren had collaborations with the US Army, the International Rett Syndrome Foundation and the Fragile X Drug Validation Initiative and the company's clinical trial program.

Mr Glass said that the company expected to have a strong news flow including seven “key milestones”, including phase II trials in fragile X syndrome, Rett syndrome and the ‘Intrepid’ trial of NNX-2566 for acute, moderate or severe traumatic brain injury, between now and the July 2015.

Neuren closed up 0.7 cents or 13.7 percent at 5.8 cents with 52.7 million shares traded.

GENETIC TECHNOLOGIES

Genetic Technologies says wholly-owned subsidiary Phenogen Sciences has signed the provider network Multiplan Inc which has 39 million insurance-covered lives.

Genetic Technologies said that Valencia, California-based Multiplan's network accessed more than 4,800 hospitals, 99,000 ancillary facilities and 700,000 healthcare professionals.

The company said that Multiplan agreement was the sixth executed with US preferred provider organizations (PPOs) and increased significantly the total number of covered lives ‘in network’, for its Brevagen breast cancer risk assessment test to more than 62 million lives.

Genetic Technologies said that the impact of this credentialing activity had been demonstrated in reviewing reimbursement payments received for the Brevagen test since its launch.

The company said that in its March 2013 Quarterly Activities Report it reported that the average reimbursement received for claims adjudicated as in-network, was more than 25 percent higher than the amounts received in respect of claims that were adjudicated as out-of-network, with the time taken to collect the funds also being materially shorter.

Genetic Technologies said it was “actively pursuing additional agreements with other PPOs in order to further extend access to an increased number of covered lives”.

Genetic Technologies was up 1.9 cents or 22.1 percent to 10.5 cents with 2.4 million shares traded.

PROGEN PHARMACEUTICALS

Progen says it has raised \$5,188,910 through the issue of 24,709,097 shares at 21 cents a share in its underwritten non-renounceable pro-rata one-for-one rights issue.

Progen said shareholders applied for 10,526,218 entitlement and shortfall shares, with underwriter Mercer Capital taking 14,182,879 shortfall shares.

Progen said last month that the funds would be used for preclinical and clinical development of PG545, continued development of PI-88 and be used for capital works on the manufacturing facility of wholly-owned subsidiary Pharmasynth Pty Ltd to increase production capacity and broaden the scope of Pharmasynth services (BD: Apr 16, 2013). Progen fell one cent or 4.55 percent to 21 cents.

PHARMAXIS

Acorn Capital says it has ceased its substantial shareholding in Pharmaxis, selling 5,478,826 shares.

On December 22, 2011, Acorn filed a substantial shareholder notice saying it held 17,532,666 shares or 5.73 percent of Pharmaxis.

Today, Acorn said that between December 22, 2011 and May 16, 2013 it bought 2,924,880 shares for \$3,828,986 or an average price of \$1.309 a share; and sold 5,478,826 shares for \$873,439 or an average price of 15.94 cents a share.

Biotech Daily believes Acorn Capital retains 14,978,720 shares or 4.895 percent of Pharmaxis fell half a cent or 3.6 percent to 13.5 cents with 2.5 million shares traded.

BIONICHE LIFE SCIENCES

Bioniche says that William (Bill) Wells has become a substantial shareholder with 5,853,322 shares or 5.57 percent of the company.

Mr Wells is one of the shareholders attempting to requisition a meeting of the company to spill the board (BD: Apr 24, 29; May 6, 14, 2013).

Bioniche said that on April 25, 2013 it "became aware that Mr William Wells became a beneficial shareholder ... [and] on May 14, 2013 [the company] was advised that Mr Wells became a registered holder of these same shares".

Bioniche said it was "not aware as to whether Mr Wells has a relevant interest in any additional ... shares by virtue of any further indirect holdings or through any associates". Bioniche was untraded at 35 cents.