



# Biotech Daily

Tuesday May 28, 2013

*Daily news on ASX-listed biotechnology companies*

- \* **ASX UP, BIOTECH EVEN: ANTISENSE UP 11%, PHARMAXIS DOWN 13%**
- \* **PHARMAXIS TO HALT EARLY PROGRAMS; CUT 48 JOBS, BURN RATE**
- \* **AUSTRALIAN PATENT FOR ACUVAX, BIOLIFE HER-VAXX**
- \* **PHOSPHAGENICS EARNS \$3.2m FEDERAL R&D TAX REFUND**
- \* **CELLMID COMPLETES ADVANGEN ACQUISITION**
- \* **IMMURON APPOINTS 17% STEPHEN ANASTASIOU DIRECTOR**

## MARKET REPORT

The Australian stock market recovered 0.22 percent on Tuesday May 28, 2013, with the S&P ASX 200 up 10.8 points to 4,970.7 points.

Fifteen of the Biotech Daily Top 40 stocks were up, 14 fell, seven traded unchanged and four were untraded.

Antisense was the best, up 0.1 cents or 11.1 percent to one cent, with 2.4 million shares traded, followed by Circadian up 10.2 percent to 27 cents with 21,500 shares traded.

Cellmid climbed 7.7 percent; Benitec and Nanosonics were up more than six percent; Phylogica rose five percent; Phosphagenics and Prana were up four percent or more; Cochlear, Mesoblast and Starpharma rose more than two percent; Medical Developments, Prima, Psivida and Viralytics were up more than one percent; with QRX up 0.9 percent.

Pharmaxis led the falls, down three cents or 13.0 percent to 20 cents with 8.6 million shares traded, followed by Compumedics down 0.5 cents or 10 percent to 4.5 cents with 21,000 shares traded.

GI Dynamics lost 9.4 percent; Allied Health and Tissue Therapies fell more than seven percent; Clinuvel and Heartware were down more than five percent; Anteo fell 4.8 percent; Acrux and Reva were down more than three percent; Alchemia, Atcor and Bionomics shed more than one percent; with CSL and Sirtex down by less than one percent.

## PHARMAXIS

Pharmaxis says it will cease funding early stage programs and cut staff from 159 to 111 to reduce the annualized cash burn 37.5 percent from about \$32 million to \$20 million.

In a presentation and teleconference of the company's business review, in the wake of the failed phase III trial of Bronchitol for bronchiectasis (BD: Apr 24, 2013) and the need for a new phase III trial of Bronchitol for cystic fibrosis (BD: May 21, 2013), chief executive officer Gary Phillips said that by the end of 2013 the company would cease funding the ASM8 and PXS2200 oligonucleotide programs for asthma and chronic obstructive pulmonary disease; the LOXL2 inhibitor for lung and liver fibrosis and cancer; the SSAO inhibitor program for lung inflammation; and the near-term asset the Orbital inhaler for dry powder.

Mr Phillips said the company would concentrate on the recently agreed US Food and Drug Administration 300-patient, phase III trial of Bronchitol for cystic fibrosis as well as finding a pathway for Bronchitol for bronchiectasis.

Mr Phillips said the company hoped to partner the Orbital system for delivering dry powder to the lungs for indications other than cystic fibrosis and bronchiectasis.

Pharmaxis chief financial officer said that with costs reduced, the current \$70 million cash and a further \$20 million available from Novaquest to commercialize Bronchitol for cystic fibrosis, the company had funds for a further three years.

Pharmaxis said the chief operating officer role would be subsumed into the chief executive officer's position, but Mr Phillips did not answer a question on whether the company's senior executives would reduce their salaries.

The Pharmaxis 2012 annual report said that "senior executive officers received on average 77 percent of their target variable cash incentive payment in 2012 compared to zero percent in 2011" and that for the year to June 30, 2012, former chief executive officer Dr Alan Robertson was paid \$506,021, chief financial officer David McGarvey earned \$386,810 and the then chief operating officer Mr Phillips received \$423,722.

Mr Phillips told the teleconference that discussions on his salary package had not been concluded.

Pharmaxis said that the US phase III trial cystic fibrosis trial would cost less than \$15 million and take two years.

Mr Phillips said the trial had "a very high likelihood of success" and that although the bronchiectasis trial missed its primary endpoint, a number of the secondary endpoints were met with statistical significance.

Mr Phillips said that Pharmaxis would change its business model from marketing Bronchitol on its own to seeking partnerships for sales and distribution.

A table in the presentation calculated the estimated revenue opportunity with further approvals of Bronchitol for cystic fibrosis and bronchiectasis at \$1,235 million a year.

Mr Phillips said that manufacturing in Australia would be "downsized" and that clinical work in the US and Europe would be managed from Australia.

Mr Phillips said that despite the setbacks, Pharmaxis had, from a small base, run clinical trials in multiple countries, produced peer-reviewed papers on its treatments, achieved approvals and sales for Aridol worldwide and Bronchitol in Europe and Australia and had a pipeline of product candidates.

"We still have the basis for a successful business," Mr Phillips said.

He said that the \$20 million facility with Novaquest would not affect the company's ability to partner Bronchitol.

Pharmaxis said it had appointed Barclays Bank Plc as an adviser.

Pharmaxis fell three cents or 13.0 percent to 20 cents with 8.6 million shares traded.

### ACUVAX

Acuvax says the Australian Patent Office has granted a patent to reverse take-over candidate Biolife Science for its anti-cancer multi-peptide vaccine HER-Vaxx.

Acuvax said that it was in the process of raising up to \$5 million through the placement of up to 25 million shares at 20 cents a share for the transaction.

The company said the patent submission was made on the grounds that HER-Vaxx acted against cancers associated with the HER-2/neu oncogene, a tumor antigen protein belonging to the epidermal growth factor receptor family.

Acuvax said the patent provided protection to 2027.

The company said that HER-Vaxx had shown success in stimulating the HER-2 antibodies in early-stage cancer patients and was expected to provide a natural and potentially more potent alternative to Roche's injectable antibody Herceptin.

Biolife chairman and Acuvax chairman-elect Dr Roger Aston said the patent would add confidence to the HER-Vaxx commercial viability and Biolife was "eager to finalize its listing on the ASX and proceed with clinical trials".

Acuvax said that HER-Vaxx specifically targeted breast and stomach cancer, two of the most aggressive forms of cancer that account for 1.2 million deaths a year.

Acuvax was untraded at 0.1 cents.

### PHOSPHAGENICS

Phosphagenics says it has received \$3,221,271 million from the Australian Tax Office under the Federal Government Research and Development Tax Incentive program.

Phosphagenics said the rebate related to expenditure in 2011-'12 and was "expecting at least the same amount for the 2012-'13 tax year" to be received by January 2014.

Phosphagenics was up half a cent or four percent to 13 cents.

### CELLMID

Cellmid says it has completed the acquisition of Japan's Advangen, paying JPY120 million (\$A1.2 million) in cash and issuing 55,737,624 shares to 12 Advangen shareholders.

Cellmid said it held 100 percent of Advangen and the issued shares were subject to voluntary escrow agreements for up to 12 months (BD: May 8, 2013).

Cellmid was up 0.2 cents or 7.7 percent to 2.8 cents with 3.1 million shares traded.

### IMMURON

Immuron says it has appointed Stephen Anastasiou as a non-executive director.

Earlier this month Grandlodge Pty Ltd and the Anastasiou Superannuation Fund became substantial in Immuron with 168,326,929 shares or 16.56 percent (BD: May 7, 2013)

Today, Immuron said that Mr Anastasiou held a Bachelor of Science degree and a Masters of Business Administration and had more than 20 years' experience in general management, marketing and strategic planning within the healthcare industry.

The company said that Mr Anastasiou's experience included diagnostics, ethical, hospital, dental and over-the-counter products, with companies including Bristol Myer Squibb and was previously a management consultant with KPMG Peat Marwick.

Immuron was up 0.1 cents or 33.3 percent to 0.4 cents with one million shares traded.