



# Biotech Daily

Thursday September 12, 2013

*Daily news on ASX-listed biotechnology companies*

- \* **ASX, BIOTECH SLIGHTLY UP: BENITEC UP 14%; STARPHARMA DOWN 5%**
- \* **VICTORIA AWARDS THREE \$150k VESKI FELLOWSHIPS**
- \* **EU ORPHAN STATUS FOR PATRYS PAT-SM6 FOR MULTIPLE MYELOMA**
- \* **17 OF 25 GI DYNAMIC ENDOBARRIER TRIAL SITES RECRUITING**
- \* **ONCOSIL REQUESTS CAPITAL RAISING TRADING HALT**
- \* **BIONICHE SETTLES DISPUTE WITH DISSENTING SHAREHOLDERS**

## MARKET REPORT

The Australian stock market was up 0.15 percent on Thursday September 12, 2013 with the S&P ASX 200 up 8.1 points to 5,242.5 points.

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

Benitec was the best, up 4.5 cents or 13.85 percent to 37 cents with 794,825 shares traded, followed by Phylogica up 12.5 percent to 1.8 cents with 153,333 shares traded.

Patrys climbed 8.1 percent; Living Cell rose 6.5 percent; Impedimed was up 5.6 percent; QRX was up 4.6 percent; IDT and Universal Biosensors were up more than three percent; Cochlear, GI Dynamics, Medical Development and Psivida rose more than two percent; Acrux and Bionomics were up more than one percent; with Mesoblast up 0.9 percent.

Starpharma led the falls, down five cents or 4.8 percent to \$1.00 with 234,837 shares traded, followed by Avita down four percent to 12 cents with 420,352 shares traded.

Atcor, Circadian and Phosphagenics lost more than three percent; Prana and Reva shed more than two percent; Anteo, Nanosonics, Neuren and Tissue Therapies were down more than one percent; with Clinuvel, CSL, Resmed and Sirtex down by less than one percent.

## VICTORIAN GOVERNMENT

The Victorian Government has awarded three \$150,000 Victorian Endowment for Science, Knowledge and Innovation fellowships to bring researchers back to the State.

A Victoria Government media release said that the researchers would bring “valuable international expertise, experience, connections and networks, after being awarded 2013 [the] innovation fellowships”.

Victoria’s Minister for Innovation, Services and Small Business Louise Asher said that Prof Colette McKay, Dr Ethan Goddard-Borger and Dr Luke Connal would each receive funding over three years matched by support from their host organizations.

Ms Asher said that the Victorian Government and Victorian Endowment for Science, Knowledge and Innovation (Veski) had identified researchers with projects very close to being translated into commercial outcomes.

Ms Asher said the Government had invested \$1.5 million to double the number of Veski fellowships over three years.

“As part of its election commitment to innovation, the Government is investing a total of \$3.8 million over three years in innovation researchers including a commitment to doubling the number of Victoria Prize for Science and Innovation winners and Victoria Fellowships,” Ms Asher said. “This is in addition to the \$3.2 million invested since 2011, to support ongoing commitments to science awards and fellowships.”

Veski chairman Prof Snow Barlow said the additional funding provided the ability to offer senior fellowships which could mean the difference between a leading researcher returning to Victoria with their research or not.

“When senior researchers like Prof McKay decide to return to Victoria they need extra support from government and organizations like Veski to establish new laboratories, rebuild their research teams and secure ongoing funding, which is why this additional funding for senior researchers is so critical,” Prof Barlow said.

The Victoria Government media release said that Prof McKay was returning to Victoria from the UK to work at the Bionics Institute as its leader of translational research and in addition to her research she brought an established network of international collaborators and supporters to the Bionics Institute and Victoria.

The media release said that after studying in Western Australia and undertaking a postdoctoral fellowship in Canada, Dr Goddard-Borger had been recruited as a laboratory head with the Walter and Eliza Hall Institute’s chemical biology division.

A Walter and Eliza Hall media release said that Dr Goddard-Borger was a medicinal chemist whose research focused on developing new ways to block the production of glycosphingolipids, which were fatty molecules in the cell membranes of animals, plants, fungus and some bacteria.

“Because they mediate many biological processes in healthy cells, changes in glycosphingolipid production can contribute to conditions such as cancer, as well as a range of fatal genetic conditions known as lysosomal storage disorders,” Dr Goddard-Borger said.

“I am working to discover new agents that can block glycosphingolipid function, which would have the potential to be developed into new treatments for these diseases,” Dr Goddard-Borger said.

The media release said that Dr Connal had spent more than six years at the University of California, Santa Barbara and returned to the University of Melbourne’s Department of Chemical and Biomolecular Engineering and his research was focused on the mimicry of natural enzymes to develop a range of materials from anti-bacterial paints to biofuels to detergents.

## PATRY'S

Patrys says the European Medicines Agency has granted orphan drug designation for its lead anti-cancer product PAT-SM6 for multiple myeloma.

Patrys said that orphan drug status was awarded to drugs that had potential therapeutic value in the treatment of rare diseases and conditions and entitled PAT-SM6 to: 10 years of market exclusivity for multiple myeloma; scientific advice and protocol assistance by the EMA to optimize drug development; regulatory assistance and facilitated access to the centralized procedure for marketing approval; financial incentives and fee reductions for regulatory activities; and access to grant funding schemes.

Patrys said that in Europe, there were 60,000 people living with multiple myeloma, with more than 20,000 new cases and about 15,000 deaths each year.

The company said that the global market was "much larger" with multiple myeloma the second most common haematological malignancy affecting about 200,000 people worldwide with about 100,000 new cases annually, with about 70,000 multiple myeloma deaths each year.

Patrys said that no single standard therapy existed for multiple myeloma patients that had relapsed or become resistant to treatment and those patients had an expected survival of six to nine months.

The company said that despite some new agents with significant activity in relapsed disease, multiple myeloma was incurable, with a clear need for the development of additional novel therapeutics.

Patrys said that PAT-SM6 was showing convincing evidence of potential therapeutic benefit in its ongoing phase I/IIa clinical trial in patients with relapsed and refractory multiple myeloma and had the potential to improve and add to current treatments for multiple myeloma.

The company said that orphan drug status was an opportunity to fast track PAT-SM6 development in Europe, which could then be leveraged in larger markets.

Patrys chief executive officer Dr Marie Roskrow said the European orphan drug designation was "an important milestone in PAT-SM6 development" and would support efforts to move PAT-SM6 as quickly as possible through the clinical and regulatory development process.

Patrys was up 0.3 cents or 8.1 percent to four cents with 14.2 million shares traded.

## GI DYNAMICS

GI Dynamics says that its US pivotal trial of Endobarrier for obesity and uncontrolled type 2 diabetes has begun enrolments at 17 sites.

GI Dynamics said that more than half of the 25 planned trial sites had begun recruitment and the trial would enroll about 500 patients.

GI Dynamics was up two cents or 2.3 percent to 89 cents.

## ONCOSIL (FORMERLY NEURODISCOVERY)

Oncosil has requested a trading halt "pending the release of an announcement concerning a capital raising".

Prior to the company name change, the then Neurodiscovery raised \$1,500,000 through the placement of 60,000,000 shares at 2.5 cents each (BD: Feb 20, Apr 16, 2013)

Trading will resume on September 16, 2013 or on an earlier announcement.

Oncosil last traded at 14.5 cents.

## [BIONICHE LIFE SCIENCES](#)

Bioniche said that a resolution had been agreed with its dissenting shareholders and that founder Graeme McRae was stepping aside from executive director roles any In separate announcements Bioniche said that an agreement had been reached with “concerned shareholders William (Bill) M Wells and Greg Gubitiz ... that both sides believe is beneficial to all of the company’s shareholders”.

Mr Wells and Mr Gubitiz first raised concerns they had with Bioniche board and management earlier this year, following Endo Pharmaceuticals discontinuing its phase III trial Bioniche’s Urocidin for non-muscle-invasive bladder cancer and then handing the drug back to Bioniche (BD: Nov 6, 2012; Jan 20; Apr 24, 2013)

The company rejected two requisitions for a meeting to spill the board, which led to a court hearing in which the Ontario Superior Court declined the dissident group application to compel a shareholder meeting (BD: May 30, Jul 24, 2013).

Today Bioniche chairman James Rae said the company was “pleased to have been able to come to terms on a settlement with Messrs. Wells and Gubitiz which means an end to the distraction and expense associated with a protracted proxy dispute”.

Bioniche said the primary components of the settlement included the immediate appointment of Mr Gubitiz as a director and to the board’s corporate governance and nominating committee; the board be reduced to seven members at the annual and special meeting on November 5, 2013; directors to be nominated for election at the meeting to include current directors, James Rae and Rod Budd, as well as Mr Gubitiz, three new independent directors to be selected by Bioniche and the concerned shareholders, and the company’s new chief executive officer once hired.

The company said that “as a show of support” Mr Wells and Mr Gubitiz agreed to subscribe for \$C250,000 of units under the current prospectus offering.

Bioniche said the board would oversee the sale of the animal health division and the sale or partnering of the vaccine manufacturing centre, as well as a strategic review of plans for Urocidin and the appointment of a new chief executive officer.

The company said that Mr Wells and Mr Gubitiz agreed to support the sale of the animal health division, subject to a stated minimum sale price and agreed to cease their shareholder activism for two years.

Bioniche said it agreed to reimburse part of the expenses incurred by the concerned shareholders, which was less than the estimated cost of continuing the dispute.

Mr McRae said that he established the company more than 34 years ago and would step down as president and chief executive officer when the company hired a new chief executive officer, which was expected to be announced in the near future.

Mr McRae said the board would appoint him chairman emeritus, “a non-voting position that allows me to continue to contribute my years of experience and vast network of industry contacts in an advisory capacity”.

Mr McRae said the board had “offered to engage me in a consulting contract, whereby I will provide business development support to the company related to several defined projects, including the divestment of the animal health and vaccine manufacturing centre businesses.

Bioniche was unchanged at 38 cents.