



Biotech Daily

Wednesday November 11, 2009

Daily news on ASX-listed biotechnology companies

- * **ASX UP, BIOTECH DOWN: BIONOMICS UP 9.5%; PHYLOGICA DOWN 12.5%**
- * **CASH-STRAPPED FERMISCAN LOSES PROF VERONICA JAMES CASE**
- * **QRX REQUESTS PLACEMENT, PLAN TRADING HALT**
- * **CBIO READY FOR \$30m IPO TO LIST ON ASX IN DECEMBER**
- * **EASTLAND'S PAEDIATRIC MALARIA TRIAL APPROVED IN RWANDA**
- * **PATRY'S COLLABORATORS WIN \$300k ARC GRANT FOR PAT-SM6**
- * **BIOTRON: PNAS ARTICLE SUPPORTS P7 HEP C TARGET**
- * **BIOMD EGM TO ISSUE 30m SHARES**
- * **ANTEO RAISES \$1.08m; HOPES PLACEMENT WILL RAISE FURTHER \$350k**
- * **VERVA APPOINTS PROF MICHAEL COWLEY DIRECTOR**
- * **UNILIFE APPOINTS JOHN LUND DIRECTOR**
- * **TYRIAN REMUNERATION REPORT DIVIDES AGM**
- * **IMPEDIMED APPOINTS DONALD MYLL CFO**

MARKET REPORT

The Australian stock market climbed 0.5 percent on Wednesday November 11, 2009 with the S&P ASX 200 up 23.4 points to 4,757.0 points. Twelve of the Biotech Daily Top 40 stocks were up, 17 fell, seven traded unchanged and four were untraded.

Bionomics was best, up 3.5 cents or 9.5 percent to 40.5 cents with 848,196 shares traded, followed by Prana up 8.3 percent to 19.5 cents. Impedimed climbed 7.1 percent; Cathrx and Tyrian were up five percent or more; Alchemia and Biota were up more than four percent; Benitec and Chemgenex rose more than two percent; with CSL and Genera up more than one percent.

Phylogica led the falls, down 1.5 cents or 12.5 percent to 10.5 cents with 95,300 shares traded followed by Psivida down 10 percent to \$3.23. Clinuvel and Sunshine Heart lost more than six percent; Avexa fell 5.4 percent; Genetic Technologies, Labtech, Progen and Viralytics were down more than three percent; Heartware shed two percent; with Living Cell, Optiscan, Phosphagenics, Resmed and Universal Biosensors down more than one percent.

[FERMISCAN](#)

Fermiscan has lost its New South Wales Supreme Court appeal against its inventor Prof Veronica James and owes at least \$500,000 in legal costs.

Fermiscan's most recent quarterly report said the company had \$716,000 in cash at September 30, 2009.

Middletons' solicitor Jane Owen acted for Prof James and told Biotech Daily that her firm's costs were "more than \$600,000" and she expected the court would award 80 to 90 percent of that figure.

Ms Owen said Prof James was relieved that the case was over.

"Professor James is a highly respected scientist and the leading Australian expert in use of fibre diffraction analysis of biological materials, and today's result is vindication of her own accomplishments and her right to continue researching in her highly specialized field," Ms Owen said in a media release from Middletons.

"Having parted ways with Fermiscan in 2006, Prof James took her research in a different direction, developing a revolutionary new way to test for a variety of cancers through examination of skin and nail samples," Ms Owen said.

"The judgment also enshrines a freedom of 'legitimate expression of scientific views in an appropriate scientific context' without fear of recourse from companies who may take offence at the views," Ms Owen said.

"This is clearly important for the advance of science - to stimulate a climate where improvements on current science can be publicized with fear of reproach," she said.

Ms Owen said the significance of the case was that "scientists need to be aware of the ambit of the [intellectual property] rights they assign and the scope of improvements which are ordinarily encompassed under the assignment".

"If the improvement clause is overreaching, or drafted unclearly, this can lead to a dispute about the ownership of later developed technology," Ms Owen said.

"It is clear that these clauses should be drafted to ensure that the scientist can continue to research in their field of specialty, even if the commercializing company and the scientist part ways," she said

Fermiscan has run a series of legal actions against the inventor of its x-ray diffraction test of hair to detect breast cancer, including a claim for \$700,000 should Prof James disparage the test (BD: Apr 28, Jun 5, 2009).

Fermiscan also claimed that a new test of skin and nails for cancer developed by Prof James was an improvement on the intellectual property held by Fermiscan.

Fermiscan said "today the New South Wales Court of Appeal dismissed with costs the Fermiscan appeal in relation to the new patents".

"The board expects the exposure to Dr James for costs on both the original hearing and the appeal could aggregate in excess of \$500,000," Fermiscan said.

"The board is taking advice and considering the implications of this court decision," the company said.

The company is being run by Ian Chalmers and Mark Fordree with none of the original directors who brought about the litigation remaining at the company.

Fermiscan was untraded at three cents.

[QRX PHARMA](#)

QRX has requested a trading halt pending an announcement "in relation to the proposed renounceable rights issue and institutional placement".

Trading will resume on November 13, 2009 or on an earlier announcement.

QRX last traded at \$1.20.

CBIO

CBio hopes to raise \$30 million in an initial public offering to list on the ASX on December 14, 2009.

The Queensland based public unlisted company recently raised \$12.6 million through the issue of 20 million shares at 50 cents a share to prepare for the listing as well as resume trials of its XToll for rheumatoid arthritis (BD: Aug 31; Oct 9, 2009).

CBio has previously said XToll, or recombinant chaperonin 10 (Cpn10), was a modified version of the naturally occurring protein chaperonin 10 (BD: May 28, 2008).

The company said it was intended for rheumatoid arthritis but had potential use in several autoimmune and inflammatory indications.

The trial was halted earlier this year with the company citing "impaired manufacturing capacity" (BD: Apr 3, 2009).

Today, CBio said it had lodged its a prospectus with the Australian Securities and Investments Commission.

CBio said the offer hoped to raise up to \$30 million, with oversubscriptions of up to \$5 million, through an offer of new shares at \$1.00 per share.

The company said the offer included a \$3 million priority offer for existing shareholders.

CBio said the minimum subscription was \$13 million, which would complete the current phase II clinical trial.

The company said Novus Capital was the underwriter to the previous capital raising and would act as financial advisor and sponsoring broker.

CBio said Novo Nordisk AS had "an exclusive option to enter into a licence agreement for the intellectual property rights relating to XToll".

CBio's executive chairman is Stephen Jones the managing director and chief executive officer is Jason Yeates, the chief financial officer is James Greig and company secretary is Ben Graham, with non-executive directors Stephen Streeter, Dr Michael Monsour, Dr Göran Ando, Dr Peter Corr and Prof John Funder. Dr Dennis Feeney is an executive director and head of development and licencing.

The offer opens on November 16, 2009 and closes on December 3, 2009 with trading expected to begin on December 14, 2009.

A copy of the prospectus is at www.cbio.com.au.

EASTLAND MEDICAL SYSTEMS

Eastland says its trial of its Artimist sublingual malaria treatment for children has been approved and will begin later this month in Rwanda.

Eastland said project consultants Protopharma UK reported that the ethics committee of the Kigali University Teaching Hospital in Rwanda approved the paediatric clinical trial of Artimist.

The company said the trial was designed to support the registration of the product and Eastland remains on schedule to submit a marketing application to the host country and World Health Organisation (WHO) pre-qualification program for essential medicines by July 2010.

The open label trial will enroll children from a number of satellite clinics for referral to the clinical trial site in Rwanda.

The primary objective of the trial is to establish the efficacy of Artimist when compared to intravenous quinine in children with severe or complicated falciparum malaria, or uncomplicated falciparum malaria with gastrointestinal complications.

The company said malaria cost Africa \$US12 billion in lost gross domestic product a year. Eastland was up 1.1 cents or 15.3 percent to 8.3 cents with 6.0 million shares traded.

PATRYS

Patrys says its scientific collaborators at the University of Melbourne have been awarded a \$300,000 grant to support the development of lead candidate PAT-SM6.

Patrys said PAT-SM6 was a natural human antibody that had "shown great promise for the treatment of solid tumors and metastases in a number of cancer applications, including melanoma, pancreatic cancer and gastric cancer" with a first human clinical trial scheduled for this year.

Patrys said the Australian Research Council grant would fund further evaluation of the mechanism by which PAT-SM6 kills cancer cells, which could lead to improved opportunities for successful clinical development. The project will begin early in 2010, led by researchers Prof Geoff Howlett, Dr Terry Mulhern and Dr Danny Hatters.

Patrys fell one cent or 5.9 percent to 16 cents with 1.2 million shares traded.

BIOTRON

Biotron says a journal article has described the structure of the p7 protein, the part of the hepatitis C virus targeted by its lead antiviral drug BIT225.

Biotron said p7 was a new target for hepatitis C (HCV) drugs receiving growing scientific and commercial interest.

The article, entitled 'Plugging the holes in hepatitis C virus antiviral therapy' was published in the Proceedings of the National Academy of Sciences of the United States of America. Biotron said that in a phase Ib/IIa clinical trial BIT225 "had been shown to successfully reduce virus levels" and was believed to be "the world's leading drug targeting the p7 protein for the treatment of HCV".

The company said the independent article highlighted "the international recognition that Biotron's drug development program is achieving".

The article said that testing documented p7-specific drugs in combination with HCV protease or polymerase inhibitors rather than interferon and ribavirin "may provide the required proof of principle of their clinical efficacy and a means of rapidly adding drugs already validated in other systems to the anti-HCV repertoire".

"The Australian company Biotron has a new p7 inhibitor, BIT225, in early stage Ib/IIa trials, but other examples of such compounds are not forthcoming," the article said.

"The expansion of newly available p7 inhibitors will require either a convenient means of measuring ion channel activity in high throughput systems or a rational approach achieved through an understanding of the channel complex structure," the article said.

"The work of Luik et al (2009, PNAS, 106:12712–12716) represents the first major advance toward this goal and heightens optimism that p7 inhibitors could become part of the standard of care HCV therapy," it said.

An abstract of the August 2009 article is at <http://www.pnas.org/content/106/31/12567>.

Biotron fell half a cent or 4.2 percent to 11.5 cents.

BIOMD

Biomd will hold an extraordinary general meeting seeking shareholder approval to issue up to 30 million shares at a price yet to be determined.

Biomd is developing bovine and kangaroo patches using its Adapt technology for cardiac repair and pelvic floor reconstruction.

The meeting will be held at Level 11, 225 St Georges Terrace, Perth on December 10, 2009 at 11am (WST).

Biomd fell 0.1 cents or 1.72 percent to 5.7 cents.

ANTEO DIAGNOSTICS

Anteo says the final allotment figure for share plan applications was 140,878,914 shares at 0.6 cents each raising \$845,273.

The shares come with attaching options at an exercise price of 1.2 cents each, expiring on September 30, 2010.

When it announced the rights issue, Anteo said Transocean Securities has underwritten the plan to raise \$1.08 million (BD: Sep 21, 2009) and Anteo chief executive officer Dr Geoff Cumming told biotech Daily today the Transocean would subscribe for the shortfall shares.

Anteo said in its ASX announcement yesterday that "as a result of the underlying demand from the entitlement issue and to add to the working capital of the company" it would place a further 58,333,333 shares with attaching options to sophisticated investors to raise a further \$350,000.

The company said that under the ASX 15 percent of total issued capital rule it would seek shareholder approval for 18,833,333 placement shares and all the placement options.

If all shares in the placement are taken up the company will raise \$1.43 million.

Anteo fell 0.1 cents or 14.3 percent to 0.6 cents with 2.85 million shares traded.

VERVA PHARMACEUTICALS

Verva says the director of the Monash Obesity and Diabetes Institute Prof Michael Cowley has been appointed as a non-executive director.

Last month, Prof Cowley was awarded the Australian Science Minister's Prize for Life Scientist of the Year (BD: Oct 28, 2009).

Prof Cowley is a Victorian Endowment for Science, Knowledge and Innovation fellow and a Pfizer senior research fellow for 2009.

Verva said Prof Cowley was a founder and chief scientific officer of the California-based Orexigen Therapeutics and a scientist in the Division of Neuroscience at the Oregon National Primate Research Center of the Oregon Health and Science University.

During his tenure at Orexigen the company advanced a combination product, Contrave, to successful phase III clinical testing as an obesity therapy with a second product Empatic, completing phase II testing, Verva said.

Verva is a public unlisted company spun-out from Chemgenex.

UNILIFE MEDICAL SOLUTIONS

Unilife has appointed John Lund as a non-executive director.

Unilife said Mr Lund was a certified public accountant with expertise in the areas of US Securities and Exchange Commission reporting and compliance, mergers and acquisitions and financial analysis that qualify him to serve as chairman of the audit committee following Unilife's proposed listing on the Nasdaq.

The company said that in the past year, Mr Lund served "as an acquisition accounting consultant to support a major merger project being undertaken by a NYSE-listed multinational S&P 500 security technology company".

Unilife said that in 2008, Mr Lund was vice-president and controller of Nexstar Broadcasting Group.

At KPMG (Peat Marwick) between 1991 and 1996, Mr Lund assisted publicly-listed companies with compliance and financial audits.

Mr Lund holds a Bachelor of Science from the University of North Texas.

Unilife was up 0.5 cents or 0.43 percent to \$1.18.

TYRIAN DIAGNOSTICS

Tyrian says 17.8 percent of proxy votes at its annual general meeting opposed the company's remuneration report.

Tyrian said 103,933,271 proxy votes (82.2%) supported the adoption of the remuneration report with 22,520,448 proxy votes (17.8%) against.

Dr Marilyn Sleigh was reelected as a director with more than 122.9 million proxy votes in favor and 556,572 proxy votes against.

Tyrian was up 0.1 cents or 5.6 percent to 1.9 cents.

IMPEDIMED

Impedimed has appointed Donald Myll as the company's San Diego-based chief financial officer.

Impedimed said Mr Myll had "an impressive track record in the commercial sector" and was co-founder and chief financial officer of Theratx a public diversified healthcare company providing rehabilitation, post-acute care, long term care and occupational health services.

The company said Mr Myll was responsible for financial and corporate support aspects of the business as the company grew to more than \$400 million in revenue and 8,000 employees in seven years.

Impedimed said Mr Myll's career began as an audit and tax associate at Arthur Andersen & Co and was directly involved in raising more than \$US1 billion through his career.

Impedimed was up five cents or 7.1 percent to 75 cents.