



Biotech Daily

Friday April 16, 2010

Daily news on ASX-listed biotechnology companies

- * **ASX DOWN, BIOTECH UP: PHOSPHAGENICS UP 11%; USCOM DOWN 10%**
- * **COMMERCIALISATION AUSTRALIA'S \$4.6m FOR BIOTECH**
- * **BIONOMICS DISCOVERS BNC105 BIOMARKER; POSTS NEW ANIMAL DATA**
- * **NEOPEC APPOINTS DR PETER MOUNTFORD CEO FOR BREAST RENEWAL**
- * **PROGEN APPOINTS INTERNAL DIRECTORS TO SUBSIDIARY**
- * **BPH REQUESTS NON-CORE TRADING HALT**
- * **SAFETY MEDICAL IN VOLUNTARY ADMINISTRATION**
- * **BIO-MELBOURNE, MINTER ELLISON WORKSHOP FAIR WORK ACT 2009**

MARKET REPORT

The Australian stock market retreated 0.34 percent on Friday April 16, 2010 with the S&P ASX 200 down 17.2 points to 4984.7 points.

Fourteen of the Biotech Daily Top 40 stocks were up, 13 fell, nine traded unchanged and four were untraded. All three Big Caps were up.

Phosphagenics was best, up 1.5 cents or 10.7 percent to 15.5 cents with 3.4 million shares traded, followed by Universal Biosensors up 9.7 percent to \$1.70 with 131,673 shares traded and QRX up 9.3 percent to \$1.18 with 382,450 shares traded.

Pharmaxis climbed 7.45 percent; Antisense, Nanosonics and Novogen were up five percent or more; Benitec was up 4.9 percent; Bionomics and Prana were up more than three percent; Cathrx rose 2.9 percent; with CSL, Heartware and Living Cell up more than one percent.

Uscom led the falls, down six cents or 10 percent to 54 cents with 2,000 shares traded, followed by Clinuvel down 7.7 percent to 24 cents with 225,394 shares traded.

Phylogica fell 5.3 percent; Avexa and Prima lost more than three percent; Mesoblast and Tissue Therapies shed more than two percent; with Alchemia and Chemgenex down more than one percent.

[COMMERCIALISATION AUSTRALIA](#)

Biotechnology and medical technology have won six of 21 grants worth a total of \$4,604,842 in Commercialisation Australia's first funding round.

A media release from the offices of Prime Minister Kevin Rudd and Innovation Minister Senator Kim Carr said the total for all 21 grants under the titles of skills and knowledge, proof of concept activities and early stage commercialization was \$9.6 million.

The media release said Commercialisation Australia opened in January, 2010 and recognized that "Australians have always been creative innovators, but far too often, the rewards generated by our inventions and discoveries have been captured by others".

"Commercialisation Australia supports the modernization of the Australian economy by increasing our focus on entrepreneurship, knowledge-based industries, and new business growth," the media release said.

[Immune System Therapeutics](#)

The single largest grant of the 21 grants was \$1,858,349 and went to Sydney's public unlisted company Immune System Therapeutics to run a phase II clinical trial to demonstrate efficacy of its monoclonal antibody therapy in treating multiple myeloma. In its application the company said that if successful its monoclonal antibody treatment for myeloma and other fatal blood cancers "would save hundreds of thousands of lives and generate substantial off-shore income for Australia".

Immune System said the trial was being held at Melbourne's Alfred Hospital.

[Sienna Cancer Diagnostics](#)

Melbourne's Sienna Diagnostics won a grant of \$200,000 specifically to hire Ross Barrow under Commercialisation Australia's 'experienced executive' category.

Sienna's managing director Dr Kerry Hegarty told Biotech Daily that Mr Barrow holds a Bachelor of Science in physics and a Masters of Business Administration.

"Ross has brought many products to market and knows the [US Food and Drug Administration]," Dr Hegarty said.

"This grant type was perfect for our needs, she said.

Sienna is a public unlisted company developing novel telomerase technology for the diagnosis and monitoring of cancers.

[Neuclone](#)

Sydney's Neuclone Pty Ltd was awarded \$748,655 for work on "a platform technology for the commercial production of protein therapeutics".

The media release said the project would contribute to the company's proprietary processes and technology leading to the generation of industrial organisms producing biopharmaceuticals.

[Engeneic](#)

Privately owned Sydney company Engeneic was awarded \$1,488,181 for the development for commercial licencing of its current good manufacturing practice-compliant manufacturing of its Engeneic Delivery Vehicle-based anti-cancer therapeutics.

[Newcastle Innovation](#)

Newcastle Innovation was awarded \$205,677 to determine the commercial viability of a new diagnostic test to predict when a pregnant woman will commence labor.

[Vision Instruments](#)

Tasmania's Vision Instruments was awarded \$103,980 to complete the development of portable retinal camera pre-production prototypes and test them in Aboriginal health services and a university based clinical research program.

The project will also undertake the development of documentation for manufacture, assembly and testing.

BIONOMICS

Bionomics says it will present supportive animal data and the discovery of tubulin as a biomarker for its anti-cancer compound BNC105, this weekend.

Bionomics said it would make two poster presentations at the American Association for Cancer Research conference in Washington DC April 17-21, 2010.

The first poster entitled 'Development of a tubulin fractionation assay for the evaluation of on-target activity of tubulin targeting agents in clinical PBMC samples' outlines a method developed by Bionomics for confirming BNC105 activity using human blood samples collected during the phase I clinical trial.

The company said BNC105 acted as a tubulin-binding agent that selectively disrupted tumor vasculature and suppressed growth in a broad range of solid tumor models.

Bionomics chief executive officer Dr Deborah Rathjen told Biotech Daily that tubulin was part of the skeleton in all animal cells and a key to the killing of cancer cells.

The company said the test found a strong correlation between tubulin biomarker levels and the dose of BNC105 given to patients with advanced cancer.

Bionomics said that results showed a dramatic reduction in polymerized tubulin following drug administration that returned to pre-dose levels within 24 hours.

In a media release to the ASX Dr Rathjen said there was "tremendous value in identifying a reliable biomarker showing a drug's activity".

"The results of this test clearly demonstrate the potential for using tubulin as a surrogate measure of drug activity for the novel VDA, BNC105," Dr Rathjen said. "This is the first time that tubulin has been used to confirm the activity of a VDA in cancer patients."

"This biomarker test is quick and inexpensive compared with sophisticated imaging or other techniques," Dr Rathjen said.

Bionomics said the second poster, entitled 'BNC105 is a tubulin polymerization inhibitor that exhibits vascular disruptive activity in renal cancer and causes upregulation in HIF1alpha, HIF2alpha and mTOR' extended the preclinical data which had shown that a single intravenous administration of BNC105 was able to disrupt more than 90 percent of blood perfusion in tumors in a number of animal models of cancer, including breast, colon, prostate, brain and lung cancer.

Bionomics said that disruption of tumor vasculature was demonstrated within one hour post-BNC105 treatment and persisted for 48 hours.

The latest data now confirmed similar BNC105 tumor vascular disruption activity in an animal model of renal cell cancer, the company said.

Bionomics said that tumor recovery from the vascular disrupting effect of BNC105 was assisted by activating the mammalian target of rapamycin (mTOR) signaling pathway, inferring the potential of combining BNC105 with mTOR inhibitors for stronger outcomes.

Afinitor is an mTOR inhibitor that reached the market in 2009 and is being studied in combination with BNC105 in a phase II renal cancer trial.

"Destroying tumor blood vessels and then blocking one of the paths for the tumor to recover should deliver a more effective and longer lasting therapy," Dr Rathjen said.

"We are excited to have this supporting validation of our phase II clinical trial strategy to test BNC105 in combination with Afinitor," she said.

Bionomics said the phase II trial of BNC105 in patients with renal cell carcinoma would determine whether BNC105, either in combination with or following Afinitor treatment, was effective in the treatment of progressive metastatic renal cell carcinoma following prior treatment with tyrosine kinase inhibitors such as Sutent or Nexavar.

Interim data from the renal cell cancer trial with BNC105 was expected at the end of 2010.

Both poster presentations are at <http://www.bionomics.com.au/page.php?section=108>.

Bionomics was up one cent or 3.2 percent to 32.5 cents.

NEOPEC

Dr Peter Mountford has been appointed chief executive officer of Neopec to develop new pectoral muscle tissue for women to regrow breast tissue after mastectomy.

A Neopec media release said the technique had been developed by scientists at the Bernard O'Brien Institute at Melbourne's St Vincent's Hospital.

Neopec is the proprietary name of the process that uses the breast cancer patient's own regenerative capacity and fat cells to build a breast that looks and feels like her other breast.

The media release said Neopec involved implanting a biodegradable synthetic chamber. Surgeons then redirect blood vessels connected to a few of the patient's fat cells from the underarm into the chamber.

In the next four to six months, the fat grows into the shape of the chamber, which dissolves when the new breast is formed.

The Neopec consortium is also developing a special gel, called Myogel, a muscle-derived product that stimulates fat deposition.

The company said it hoped to provide women with a single, customized surgery option with advantages over breast implant and tissue transfer procedures, including a naturally aesthetic result and no donor site injury.

The first human trials of Neopec are due to begin by July 2010 at St Vincent's Hospital, following successful animal model results.

The work is a collaboration between the O'Brien Institute, the Australian Tissue Engineering Centre, the University of Melbourne, Anatomics and Congentum.

Dr Mountford co-founded Australia's first private stem cell research company, Stem Cell Sciences, in 1994.

He led the company as chief executive officer to become a dual-listed multinational company recognized as Scientific American's Business Leader of the Year in the stem cell field.

After Dr Mountford departed as chief executive officer, Stem Cell Sciences was sold to the US Stem Cells Inc with shareholders losing most of their investments.

In the media release, Neopec chair Gillian Franklin said the company was "undertaking world leading research and it is exciting and appropriate that we have attracted someone of Peter's calibre and experience to bring this to reality".

Dr Mountford was educated at the University of Melbourne before undertaking postdoctoral research as a Royal Society of London Endeavour Fellow at the University of Edinburgh.

He published the first proof of principle of therapeutic cloning in 2000 and successfully defended patents in Europe's largest patent office hearing in 2001.

Dr Mountford was a member of the UK Government stem cell advisory committee and has been an advisor to Californian Institute of Regenerative Medicine, the Australian Stem Cell Centre and the Saudi Arabian General Investment Authority and has been an invited member of the World Economic Forum.

In 2009 Neopec received a \$2.95 million grant from the Victorian Government to assist the research.

PROGEN PHARMACEUTICALS

Progen says chief executive officer Sue MacLeman and director Dr John Chiplin have been appointed as directors of its wholly-owned subsidiary Pharmasynth.

Progen fell six cents or 10.3 percent to 52 cents.

BPH CORPORATE

BPH, the biotechnology company and oil explorer formerly known as Biopharmica, has requested a trading halt pending an announcement on drilling rig negotiations.

BPH has assets in biotechnology including Cortical Dynamics (BD: Dec 15, 2009) and Molecular Discovery Systems' development of the HLS5 tumor suppressor gene as a target (BD: Nov 13, 2009), but recently invested in Advent Energy.

Trading will resume on April 20, 2010 or on an earlier announcement.

BPH last traded up 0.2 cents or 2.4 percent at 8.5 cents.

SAFETY MEDICAL PRODUCTS

Safety Medical has appointed Sam Davies and Rob Kirman of McGrathnicol as voluntary administrators, following the failure of negotiations with potential investors.

In a separate notice to the ASX the administrators said they were "working with the board and management to consider options for the restructure of the business whilst assessing recapitalization and trade sale opportunities".

Safety Medical had been developing the Securetouch Retractable Syringe and in 2008 expanded to launch Pureste branded sterilized tampons, pads and liners.

More recently the company mooted a joint venture with Hungary's Dispomedicor Zrt but changed to investing in the medical products manufacturer (BD: Sep 21, Nov 20, 2009).

On March 1, 2010, Safety Medical was suspended for failing to lodge full year accounts.

Safety Medical last traded at 3.7 cents

BIO-MELBOURNE NETWORK

The Bio-Melbourne Network's April 29 Bio-Workshop examines the changes to Australia's work place laws through the Fair Work Act 2009.

Bio-Melbourne Network chief executive officer Michelle Gallaher said a number of changes in the Fair Work Act would have an impact on small businesses.

"For example, there are changes to the new unfair dismissal laws for small businesses and their employees," Ms Gallaher said. "In this case it has been a positive change as the dismissal process has been simplified."

"As there are many small- businesses in the biotechnology sector who don't have [human resources] departments, it is important that they are aware of the Fair Work Act changes and whether they need to implement these changes," Ms Gallaher said.

The Network said the workshop would focus on the issues that arise at different stages of employment and address some of the challenges, with practical insights and case studies discussed, including changes to the Fair Work Act.

Speakers include Minter Ellison senior associate in human resources and industrial relations law Tim Davey, Minter Ellison special counsel in intellectual property law Kylie Diwell and human resources consultant Janine Pickering.

The Bio-Workshop will be held at Minter Ellison, Level 23, Rialto North Tower, 525 Collins St, Melbourne from 9am to 12:30pm.

For more information go to: <http://www.biomelbourne.org/events/view/120>.