



Biotech Daily

Monday February 1, 2010

Daily news on ASX-listed biotechnology companies

- * **JANUARY BDI-40: ASX FALL STRETCHES BIOTECH LEAD**
 - **VIRALYTICS UP 100%, PATRYS 61%, MESOBLAST 55%**
- * **TODAY: ASX, BIOTECH DOWN: OPTISCAN UP 20%; VIRALYTICS DOWN 21%**
- * **PHOSPHAGENICS TRANSDERMAL OXYCODONE PATCH 'SUCCESS'**
- * **AUSTRALIAN ETHICAL CEASES SUBSTANTIAL IN GENERA**
- * **GENETIC TECHNOLOGIES COMMITTAL HEARING BEGINS**
- * **BIOTA: DAIICHI SANKYO APPLICATION FOR JAPAN LANI REGISTRATION**
- * **STARPHARMA, ELI LILLY HUMAN DRUG DEVELOPMENT DEAL**
- * **COMMERCIALISATION AUSTRALIA FOR BIO-MELBOURNE BREAKFAST**
- * **CYTOPIA ALL BUT GONE TO YM BIOSCIENCES**
- * **HUNTER HALL TAKES 35% OF FLUOROTECHNICS**
- * **BIOTA APPOINTS PROF JEFFERY ERRINGTON DIRECTOR**
- * **BENITEC APPOINTS DR JOHN CHIPLIN DIRECTOR**
- * **USCOM APPOINTS DEBRA JOHNSON HEAD OF MARKETING**

MARKET REPORT

The Australian stock market fell 1.0 percent on Monday February 1, 2010 with the S&P ASX 200 down 45.5 points to 4524.1 points. Eight of the Biotech Daily Top 40 stocks were up, 24 fell, three traded unchanged and five were untraded.

Optiscan was best, up 1.4 cents or 20 percent to 8.4 cents with 482,348 shares traded followed by Living Cell up two cents or 10.5 percent to 21 cents. Cathrx rose 2.3 percent; with Antisense, Heartware, Phosphagenics and Starpharma up more than one percent.

Viralytics led the falls, down 1.5 cents or 21.1 percent to 5.6 cents with 9.9 million shares traded, followed by LBT and Sirtex down more than eight percent. Compumedics fell 7.5 percent; Mesoblast, Nanosonics and Patrys fell more than six percent; Genetic Technologies lost five percent; Alchemia, Bionomics, Novogen, Phylogica, QRX and Universal Biosensors fell more than four percent; Acrux, Avexa, Pharmaxis, Prana and Prima were down more than three percent; Clinuvel shed 2.2 percent; with Chemgenex and Impedimed down more than one percent.

BIOTECH DAILY TOP 40 INDEX

January's S&P ASX200 6.2 percent fall has given the Biotech Daily Top 40 Index (BDI-40) its greatest lead over the benchmark index.

While more biotech companies fell (21) than climbed (15) in January, most movements (26 of 40) were by less than 10 percent, with rises dramatically higher than falls.

The BDI-40 (which does not include the Big Caps of Cochlear, CSL and Resmed) fell 0.61 percent for the month to January 31, 2009.

The BDI-20 fell 1.35 percent for the month, but the Second 20 climbed 3.6 percent.

For the year to January 31, 2010, the BDI-40 was up 129.6 percent compared to the ASX200's 29.1 percent rise. The BDI-20 was up 137.4 percent for the year with the Second 20 up 94.8 percent for the 12 months to January 31, 2010.

All three Big Caps fell with the group losing 4.8 percent compared to the previous month and down 12.1 percent for the year.

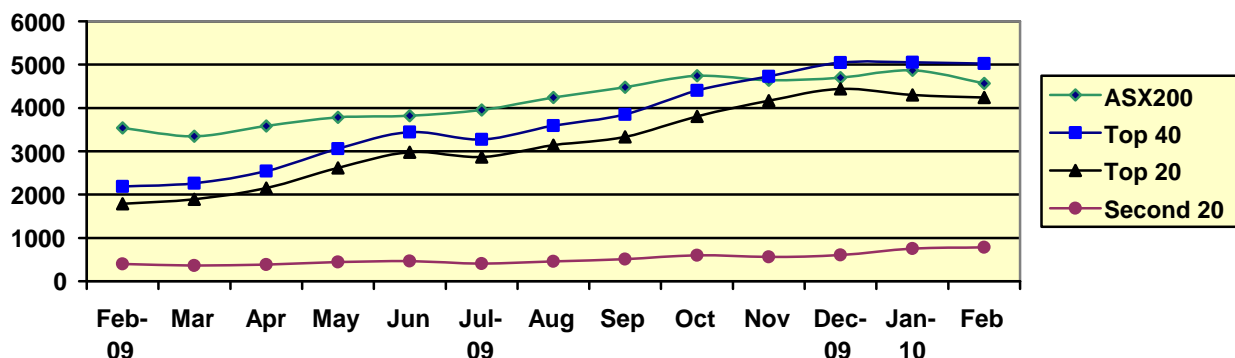
Viralytics was the best performer in January 2010, up 100 percent to \$26 million, followed by Patrys up 60.9 percent to \$37 million, Mesoblast up 54.5 percent to \$295 million and Bone Medical up 46.2 percent to \$19 million, Alchemia (22.4%), Tissue Therapies (18.2%), Benitec (14.3%) and Compumedics (10.3%).

The best performer outside the Top 40 was Anteo (formerly Biolayer) climbing 433.3 percent for \$3 million to \$16 million.

Labtech led the January falls, down 25 percent to \$9 million, followed by Clinuvel down 20.7 percent to \$65 million, Phylogica (18.8%), Optiscan (18.2%), Biota (13.2%) and Sirtex (11.1%).

Biotechs raised \$12,750,000 in January 2010 compared to the \$2.6 million raised in January 2009 and more than \$502 million in the year to January 31, 2010, not including institutional raisings.

Biotech Daily Top 40 (\$m) v S&P ASX 200 2009-2010



PHOSPHAGENICS

Phosphagenics says its phase Ib trial has shown its tocopheryl phosphate mixture can provide transdermal delivery to the bloodstream of therapeutic levels of oxycodone. Phosphagenics said the trial showed that daily application of a tocopheryl phosphate mixture or TPM oxycodone patch “delivered therapeutic bloodstream levels of oxycodone in a reproducible, consistent and sustained manner”.

The Royal Adelaide Hospital’s principal investigator for the study Prof Guy Ludbrook said the ability to reach therapeutic oxycodone plasma concentrations from a transdermal patch was “a major achievement” and the sustained blood levels “appear very suitable for chronic pain management”.

“After a dose of oral oxycodone pain relief is provided for only a matter of hours,” Prof Ludbrook said

“The use of Phosphagenics’ oxycodone patch may provide sustained drug delivery for a matter of days, thus removing some of the peaks and troughs of pain relief associated with oral treatment,” Prof Ludbrook said.

The company said trial was an the open label, single centre pharmacokinetic study in 20 healthy volunteers at the Royal Adelaide Hospital.

Phosphagenics said the primary objective was to compare the delivery profiles of two transdermal patch candidates containing TPM, a matrix and reservoir system, following daily application over a 10-day period.

The company said plasma oxycodone concentrations were monitored throughout the study to assess which of the two patch systems produced the best delivery profile.

Phosphagenics said the study demonstrated that oxycodone plasma concentration increased throughout the 10 day dosing period after daily application of the matrix patch.

The company said that average plasma concentrations reached therapeutic levels and continued to rise daily during the 10 day study.

Phosphagenics said rapid drug elimination was also evident immediately after the removal of the final matrix patch on the tenth study day.

The company said the matrix patch had an oxycodone delivery profile which was much superior to the reservoir patch and due to the evident superiority of the matrix patch over the reservoir system, as well as its greater potential to reduce drug abuse, the company said it continue development of the matrix patch.

Phosphagenics chief operating officer Dr Esra Ogru said the oxycodone phase Ib trial was “a very critical study and a key milestone for Phosphagenics, going beyond a proof of concept and demonstrating that our patch system can reproducibly deliver therapeutic amounts of oxycodone into the bloodstream”.

“The therapeutic blood levels, the rapid elimination when the patch was removed and the lack of skin irritation observed during the study, together with the likelihood that the patch will reduce drug abuse, makes our TPM-oxycodone patch extremely attractive commercially,” Dr Ogru said. “The continued increase in oxycodone concentrations over the duration of the experiment surpassed even our own expectations, and further validates the power of TPM for transdermal delivery.”

Phosphagenics was up 1.52 percent to 6.7 cents with 43.7 million shares traded

GENERA BIOSYSTEMS

Australian Ethical Trusts has ceased its substantial shareholding in Genera.

Australian Ethical has been reducing its investment since October 9, 2009 when it decreased its 4,500,000 shares (7.67%) to 3,689,506 shares (6.67%) (BD: Nov 26, 2009).

Genera was untraded at 80 cents.

GENETIC TECHNOLOGIES

The committal hearing of Genetic Technologies founder Dr Mervyn Jacobson and his daughter Tamara Newing began today in the Melbourne Magistrates Court.

Dr Jacobson and Ms Newing are charged with 319 and 353 counts respectively of market manipulation under Section 104 (1) A of the Corporations Act of 2001 (Dec 12, 15, 17, 2008).

Last week Ms Newing's husband and former Genetic Technologies' chief operating officer Geoffrey Newing pleaded guilty to five charges including about 158 counts of market manipulation (BD: Jan 25, 27, 2010).

Ms Newing sat next to her husband in court and at times rested her head on his shoulder. The committal hearing trial, before Magistrate Phillip Goldberg, heard from counsel for the Commonwealth Director of Public Prosecutions and barristers for Dr Jacobson and Ms Newing who said the hearing was likely to take at least one week and up to three weeks. The hearing is to determine whether there is sufficient evidence to take the matter to trial. The prosecution brought 12 boxes of documents with pages numbering beyond 10,000 to the courtroom and the defence had two trolleys of files.

Dr Jacobson is represented by leading Melbourne barrister Robert Richter.

Biotech Daily attended the morning session of the committal hearing in which procedural matters were discussed including the examination of the first witness, Australian Securities and Investments Commission senior investigator Glenn Josiah Cook, by Mr Richter's 'junior' Paul Lawrie.

There is a dictum in court reporting that one cannot begin reporting on the details of a case unless one is prepared to follow through. It would be sub-judice to cover one side of the argument and not the other.

Unfortunately Biotech Daily does not have the resources to follow this case in the proper manner but will provide the essential public record details of the matters as they develop. Among witnesses to be called in the case are Genetic Technologies' staff Karen Phillips and Tom Howitt along with former Bell Potter Wollongong stockbroker, Rocco Musumeci. Genetic Technologies fell 0.2 cents or five percent to 3.8 cents.

BIOTA

Daiichi Sankyo has submitted a new drug application to Japan's Ministry of Health, for approval of CS-8958, an anti-influenza drug being developed with co-owner Biota.

Biota quoted Daiichi Sankyo saying CS-8958 was a laninamivir pro-drug that was a long-acting neuraminidase inhibitor (LANI).

Daiichi Sankyo said the drug was developed entirely for the Japanese market and would be in the form of an inhalant directly treating the airways of influenza patients.

The company said studies with adults and children suffering from type A or B influenza viruses have "proven CS-8958 to be effective with a single administration".

Daiichi Sankyo said that in non-clinical studies CS-8958 demonstrated that it was "efficacious with the H1N1 and potentially lethal H5N1 (avian influenza) viruses, leading to an expectation for wide-ranging contributions to influenza treatment in the future".

In November 2009, Daiichi Sankyo began a phase III clinical study in Japan on the prophylactic use of CS-8958 (BD: Nov 5, 2009).

Biota was up one cent or 0.5 percent to \$2.01 with one million shares traded.

STARPHARMA

Starpharma says its dendrimer drug delivery technology will be applied to enhance compounds in the Indianapolis-based Eli Lilly & Co's human pharmaceutical portfolio. Starpharma said the agreement related to "the delivery of certain human pharmaceuticals" and was separate and additional to the contract signed in May 2009 in which Starpharma and Lilly's animal health division Elanco agreed to develop animal health products. The company said Eli Lilly would fund a collaborative research and development program with the aim of creating improved drugs incorporating Starpharma's delivery technology, to be commercialised by Eli Lilly.

Starpharma chief financial officer Ben Rogers told Biotech Daily that the financial details of the contract were confidential.

Starpharma was up one cent or 1.4 percent to 72 cents.

BIO-MELBOURNE NETWORK

Commercialisation Australia's acting chief executive officer Tricia Berman will discuss the new Federal organization at the Bio-Melbourne Network's February 9, 2010 Bio-Breakfast. The Bio-Melbourne Network said Ms Berman was also the general manager of the Federal Department of Innovation's innovation policy branch.

The Network said Ms Berman would discuss what support Commercialisation Australia could offer biotechnology researchers and firms for commercialisation activities.

The industry organization said there were "numerous opportunities for many in our sector to contribute to this new initiative" and Ms Berman would "provide a comprehensive overview of Commercialisation Australia and highlight how interested parties can become involved through the volunteer business mentor program".

The Bio-Melbourne Network said one part of Commercialisation Australia was "a merit-based, competitive assistance program designed to assist researchers, entrepreneurs and innovative companies turn ideas into successful commercial ventures".

The Network said that concerns had been raised that although Commercialisation Australia was a positive development, "the Federal Government may have underestimated how many organizations will apply for assistance".

The Bio-Melbourne Network said the body would have \$196.1 million over the next four years and \$82 million a year thereafter, but the catch was that it was one of the only sources of assistance and there would be "intense competition for funds".

The Network said applications could be submitted at any time for proof of concept grants, assistance in recruiting executives and early stage repayable grants up to \$2 million.

The Bio-Breakfast will be at the Supper Room, Melbourne Town Hall, Cnr Swanston and Collins Streets, Melbourne on February 9, with registration from 7.15am.

More information is at: <http://www.biomelbourne.org/events/view/77>.

CYTOPIA

Cytopia says the takeover by YM Biosciences has been implemented and all scheme shares have been transferred to YM.

Cytopia said it was a wholly-owned subsidiary and members would receive one YM share for 11.737 Cytopia shares.

YM representatives David Allan, Thomas Allen and Leonard Vernon have been appointed to the Cytopia board and following the issue of the YM shares, directors Dr Kevin Healey, Mark Rowsthorn and Dr Geoffrey Vaughan will resign.

Cytopia will apply to be removed from the official list of ASX.

FLUOROTECHNICS

Hunter Hall has increased its substantial shareholding in Fluorotechnics from 8,100,000 shares (27.71%) to 12,869,971 shares (35.37%). Fluorotechnics fell three cents or 8.6 percent to 32 cents.

BIOTA

Biota has appointed Prof Jeffery Errington as a non-executive director.

Biota said Prof Errington was “a renowned scientist in the field of microbial cell and molecular biology and is a Fellow of the Royal Society”.

The company said he was the director of the Institute for Cell and Molecular Biosciences and the director of the Centre for Bacterial Cell Biology at Newcastle University, UK.

The company said Prof Errington was a world authority on the biochemical pathways responsible for bacterial replication, an essential pre-requisite to the successful development of novel antibacterial drugs.

Biota chairman Dr Jim Fox said the company had a strategy of investment in anti-infective drug discovery and said Prof Errington had made a contribution to innovation in this area.

BENITEC

Benitec has appointed Progen’s acting chief executive officer Dr John Chiplin as a director.

Prior to his appointment at Progen, Dr Chiplin was appointed a director of Progen with other directors in an attempt to resolve the company’s shareholder and board issues (BD: Jul 1; Dec 1, 2009).

Prior to Progen, Dr Chiplin was the chief executive officer of Peptech leading up to its change to Arana.

Benitec said Dr Chiplin was previously the head of the \$300 million ITI Life Sciences investment fund in the UK and his own investment vehicle, Newstar Ventures, has funded “more than a dozen early stage companies in the past 10 years”.

Dr Chiplin holds pharmacy and doctoral degrees from the University of Nottingham and he is based in San Diego.

Benitec chief executive officer Sue MacLeman said Dr Chiplin’s skills would “complement the other board members as we explore further growth opportunities”.

Benitec chairman Peter Francis said Dr Chiplin’s “substantial life sciences experience and also his capital markets and merger and acquisition deal experience will be valuable”.

“We need to complete a capital raising in the near term and John’s contacts will be extremely useful during this process,” Mr Francis said.

Benitec was unchanged at four cents.

USCOM

Uscom has appointed Debra Johnson as vice-president of marketing and distribution.

Uscom said the Seattle-based Ms Johnson would be responsible “for coordinating and optimizing Uscom global sales channels and resources”.

Uscom said Ms Johnson had a clinical background and had been employed by Uscom’s hospital strategic marketing partner Spacelabs Healthcare in sales and marketing roles for the last 13 years, most recently as director of strategic alliances.

Uscom was untraded at 74 cents.

BIOTECH DAILY'S TOP 40 WITH MARKET CAPITALIZATION

Company \$Am	Feb-2010	Jan-2010	Dec-09
Cochlear	3,618	3,892	3,566
CSL	17,978	18,970	18,871
Resmed	4,432	4,492	4,174
Top 20			
Acrux	324	350	389
Alchemia	142	116	100
Antisense	30	32	34
Avexa	140	131	116
Bionomics	107	119	111
Biota	374	431	546
Cellestis	342	314	326
Chemgenex	266	279	252
Clinuvel	65	82	91
Genera	44	44	44
Heartware	450	483	402
Impedimed	82	85	86
Living Cell	57	60	71
Mesoblast	295	191	201
Novogen	61	61	51
Pharmaxis	585	596	532
Phosphagenics	49	50	53
Sirtex	374	421	392
Starpharma	168	165	133
Universal Biosensors	288	291	275
Second 20			
Benitec	16	14	15
Bone Medical	19	13	19
Cathrx	38	44	46
Cellmid	11	11	10
Circadian	32	32	31
Compumedics	32	29	31
Genetic Tech	15	16	19
Labtech	9	12	12
Nanosonics	140	144	126
Optiscan	9	11	12
Patrys	37	23	26
Phylogica	26	32	25
Prana	36	35	42
Prima	97	96	82
Psivida	76	78	73
QRX Pharma	86	80	65
Sunshine Heart	19	20	21
Tissue Therapies	26	22	17
Uscom	31	29	32
Viralytics	26	13	14

* Biotech Daily editor, David Langsam, owns shares in Alchemia, Avexa, Chemgenex, Impedimed, Neuren and Optiscan, as well as non-biotechnology stocks and has an indirect interest through Australian Ethical trusts in Cochlear, Genera, Pharmaxis, Resmed and Tissue Therapies. These holdings are liable to change.

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