Biotech Daily

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Daily news on ASX-listed biotechnology companies

*** ASX, BIOTECH DOWN: VIRAX UP 13%; TISSUE THERAPIES DOWN 11%**

*** VIRAX TERM SHEET TO IN-LICENCE PHASE I/IIa SKIN CANCER DRUG**

*** MEDIGEN ORDERS TRIAL MATERIALS FROM PROGEN'S PHARMASYNTH**

*** BLUECHIIP IPO TO RAISE $6m FOR TISSUE-TRACKING**

*** 'EXCELLENT DATA' FOR HEALTHLINX OVARIAN CANCER BIOMARKERS**

*** NOVARTIS PAYS IMUGENE $1.5m**

*** FIRST CAPE TAKES 12.45% OF ANTEO**

*** ORBIS TAKES 10% OF QRX**

*** MURDOCH CAPITAL, SYRACUSE EACH TAKE 9.9% OF ACUVAX**

*** ADVANCED SURGICAL LOSES DIRECTOR WALTER KMET**

MARKET REPORT

The Australian stock market fell 0.76 percent on Friday November 12, 2010 with the S&P ASX 200 down 35.9 points to 4692.7 points.

Twelve Biotech Daily Top 40 stocks were up, 18 fell, four traded unchanged and six were untraded.

Virax was best, up 0.4 cents or 13.3 percent to 3.4 cents with 3.8 million shares traded, followed by Viralytics up 8.8 percent to 3.7 cents with 1.2 million shares traded.

Bionomics climbed 6.1 percent; Compumedics, Heartware and Mesoblast were up four percent or more; Benitec was up 3.3 percent; Phylogica rose 2.1 percent; with Impedimed, Nanosonics and Resmed up more than one percent.

Tissue Therapies led the falls, down six cents or 11.1 percent to 48 cents with 336,096 shares traded, followed by Prima down eight percent to 11.5 cents with 8.15 million shares traded.

Living Cell, QRX and Starpharma lost more than four percent; Prana fell 3.45 percent; Genera and Optiscan shed more than two percent; Biota, Cathrx and Cellmid down more than one percent.

VIRAX HOLDINGS

Virax says it has signed a term sheet with an unnamed biopharmaceutical company to in-licence a novel skin cancer treatment.

In August, Virax's therapeutic vaccine for HIV, VIR201, failed to meet its primary or secondary endpoints in its 131-patient, South African, phase I/IIa trial and the company said it would review the data closely before making a final decision about the program (BD: Aug 16, 2010).

Today, Virax said the term sheet contained the principle commercial terms and conditions of the licence to Virax and conditions to be satisfied before the transaction proceeds.

Virax said it was negotiating a formal licencing agreement to provide it with the relevant intellectual property and other know-how to develop the product.

Virax said that on execution of agreement and regulatory approvals, it expected to move rapidly into a phase I/IIa clinical trial in 2011.

Virax said it proposed to conduct these trials in Australia "to take advantage of the world-leading skin cancer trial resources".

Virax said it would need to raise capital for the trials.

The company said it would to enhance the efficiency of the trial funding process by accessing Australian Government programs that reward investment in novel research and development through tax credit incentives.

Virax chief executive officer Dr Larry Ward said the company was "very excited about the prospect of bringing in a project that is ready to commence clinical development and that leverages Virax's existing product development expertise".

"The skin cancer project provides a fitting development opportunity in a large and growing cancer treatment market in the area of skin cancers, an area especially top of mind with Australians," Dr Ward said.

Virax quoted Cancer Council of Australia data that skin cancers accounted for up to 80 percent of newly diagnosed cancers; two in three Australians would be diagnosed with skin cancer by age 70 years; skin cancer accounted for more than one million general practitioners consultations each year in Australia; about 450,000 people in Australia were treated for one or more non-melanoma skin cancers each year; Australia had one of the highest incidences of skin cancer in the world, nearly four times the incidence in the US and Western Europe; and skin cancer was the most expensive cancer in Australia.

Virax was up 0.4 cents or 13.3 percent to 3.4 cents with 3.8 million shares traded.

PROGEN PHARMACEUTICALS

Progen says the licencee of its PI-88 liver cancer drug, Taiwan's Medigen has ordered clinical trial materials for its phase III clinical trial from Progen's Pharmasynth.

Progen said its wholly-owned contract manufacturing subsidiary would begin the manufacturing runs required for the delivery of the PI-88 clinical trial material for the trial.

Progen chief executive officer Sue MacLeman said the order was "another step towards the clinic and we are pleased that Medigen is making such good progress with this program to develop and commercialize PI-88".

In 2008, Progen discontinued a phase III trial of PI-88 for liver cancer with just 12 of a hoped for 600 patients recruited (BD: Jul 23, 2008), triggering a battle for the cash held by Progen for the trial as well as a fight with Medigen over the rights to PI-88.

Today, Progen said it had "exclusively licenced the worldwide rights for PI-88 to Medigen for all oncology indications" (BD: Jun 30, 2010).

Progen was up one cent or 3.45 percent to 30 cents.

BLUECHIIP

Bluechiip hopes to raise up to $6 million to commercialize its Melbourne-invented and developed a wireless tracking system for life sciences and other industries.

Bluechiip chairman and Avexa director Iain Kirkwood told Biotech Daily the micro-electro mechanical systems identification (Mems-ID) technology was invented by former Royal Melbourne Institute of Technology academic Dr Ronald Zmood.

Mr Kirkwood said the company was hoping the fund-raising would allow the company to list on the ASX by the end of this year.

The prospectus on the Bluechiip website said the company hoped to issue 24,000,000 shares at 25 cents each to raise up to $6 million.

In a media release, Bluechiip said it had developed a tracking and monitoring technology which was "a generational change" from current methods such as hand-written and pre-printed labels, linear and two-dimensional barcodes and microelectronic integrated circuit-based radio frequency identification chips.

"The healthcare and life sciences industries produce and use millions of high value tissue samples around the world each day that are critical to patient care and many of these are currently labeled with sub-standard tracking technologies," Mr Kirkwood said.

"In many cases, standards for collecting and storing human biological specimens have evolved little in decades," Mr Kirkwood said.

"Bluechiip technology takes product-tracking to new, more robust, more reliable levels," Mr Kirkwood said.

Bluechiip said the micro-electro mechanical systems (Mems) resonator-based technology, involved a small mechanical chip with no electronics.

The company said the chip was embedded or manufactured into a storage product such as a vial or bag and information from the chip could be detected by a scanner, which could also read the temperature history of tagged items.

Bluechiip said traditional identification technologies had significant limitations, with barcodes requiring a visible tag or line-of-sight optical scan.

Bluechiip said its technology could measure the temperature history of each item to which a chip was attached, or embedded.

The company said its technology enabled data to be read at temperatures as low as liquid nitrogen (-196 degrees Celsius) and as high as 200 degrees Celsius and data could be transmitted through frost.

Bluechiip said its chip had been "field-proven to survive autoclaving, gamma irradiation sterilization, humidification, centrifugation, cryogenic storage and frosting".

The company said the technology had initial applications in the healthcare industry particularly those businesses which require cryogenic storage facilities and was "the only technology that enables accurate and reliable tracking of products including stem cells, cord blood, and in-vitro fertilization eggs" and had applications in pathology, clinical trials, bio-repositories and forensics.

The company said the technology was protected by 10 patents, five of which have been granted.

The media release said the minimum raising was $3 million.

According to Bluechiip's website the board includes managing-director and chief executive officer Brett Schwarz, executive director Joe Baini, who is also Avexa's chairman, non-executive director Larry Lopez and company secretary Lee Mitchell.

The company's chief technical officer is Dr Jason Chafey.

Copies of the Bluechiip prospectus are at http://www.bluechiip.com/prospectus.html or can be obtained from Bluechiip by telephone: +613 9763 9763 or email: info@bluechiip.com.

HEALTHLINX

Healthlinx says its multi-centre second study for Ovplex has returned “excellent initial data” for two new biomarkers AGR2 and HTX010 for diagnosing ovarian cancer.
Healthlinx said that, so far, AGR2 and HTX010 data had been analyzed in more than 400 case and control samples.
The company said that both AGR2 and HTX010 demonstrated statistically significant elevations in circulating plasma concentrations in both early stage (stages I-II) and late stage (stages III-IV) ovarian cancer patients.
Healthlinx said the data was significant as it confirmed and reinforced previous findings from several smaller pilot studies and paved the way for the markers to be used in its Ovplex multimarker panel.
The company said modeling with the biomarkers demonstrated improved diagnostic efficiency of the Ovplex panel and in combination with the other Ovplex biomarkers a marked improvement in the diagnostic efficiency in early ovarian cancer was expected.
Healthlinx, managing-director Nick Gatsios said that based on initial studies, “we always believed that AGR2 and HTX010 would boost the performance of the Ovplex test”.
“These early results are certainly in line with expectations and give us great confidence that our target of achieving a test with significantly enhanced diagnostic efficiency is feasible,” Mr Gatsios said.
“Our aim is to fine tune the Ovplex test to ultimately provide sensitivity and specificity of at least 97 percent in the target patient population,” Mr Gatsios said.
Healthlinx said development of the diagnostic use of AGR2 was of particular relevance as the company was the exclusive licencee of intellectual property covering the use of a highly specific monoclonal antibody that was the basis of the blood test.
Healthlinx said it had a non-exclusive licence deal for the use of one anti-AGR2 monoclonal antibody for research purposes to research reagent company, Millipore Corp.
Healthlinx said that based on today’s data it woudl develop and partner the AGR2 immunoassay as a diagnostic tool with applications in cancer diagnosis and monitoring.
Healthlinx chief scientific officer Dr Dominic Autelitano said there was “a range of potential applications emerging for the use of AGR2 as a cancer diagnostic”.
“Although we are examining its potential diagnostic relevance in ovarian cancer patients, some characteristics of AGR2 expression suggest that it could be of value as a diagnostic/prognostic indicator in other cancer patients,” Dr Autelitano said.
He said the next set of data was expected by December 31, 2010.
Healthlinx was up 1.5 cents or 19.2 percent to 9.3 cents with 6.9 million shares traded.

IMUGENE

Imugene says it has received initial fees of $1.5 million from Novartis Animal Health under its recent agreement.
In October, Imugene said it had licenced “exclusive global rights to all of [its] technologies and intellectual properties, including its vaccines and productivity enhancers” to Novartis Animal Health (BD: Oct 13, 2010).
Imugene said specific details of the agreement had not been disclosed due to confidentiality but Novartis would pay the costs of developing products.
In addition to the receipt of the initial fees Imugene is entitled to earn various milestone payments and royalties on product sales, the company said.
Imugene said it had begun the technology transfer process of its biologically-based vaccines and associated material to the Novartis laboratories.
Imugene was unchanged at 7.3 cents.

ANTEO DIAGNOSTICS

First Cape Management says it has become a substantial shareholder in Anteo with the acquisition of 82,264,671 shares or 12.45 percent of the company.
First Cape said in its notice to the ASX that it first acquired 1,333,093 shares at 28 cents a share on September 9, 2005 on the takeover of Biolayer and had increased its holding since then, including the acquisition of 34,491,444 shares at 0.6 cents a share in a rights issue in January 2010 and the exercise of 1.2 cents options on September 30, 2010 to acquire a further 34,491,444 shares, with smaller parcels of shares acquired by related companies FCM Finance, Bearfire Pty Ltd and Austcorp No 190 Pty Ltd.
Anteo fell 0.1 cents or 2.1 percent to 4.6 cents with one million shares traded.

QRX

Orbis Investment Management has increased its substantial shareholding in QRX from 6,019,996 shares (6.26%) to 10,531,318 shares (9.9%).
Orbis said the 4,511,322 shares were acquired through the recent placement along with transfers for $3,832,427 or an average price of 85 cents a share.
QRX fell 4.5 cents or 4.7 percent to 91 cents.

ACUVAX

Murdoch Capital says it has become a substantial shareholder in Acuvax with the acquisition of 93,000,000 shares or 9.9 percent of the company.
Murdoch Capital said it acquired the shares today as The Glovac Super Fund for $139,500 or an average price of 0.15 cents a share.
The initial substantial shareholder notice said Patrick Glovac of Kintail Road, Apple Cros Western Australia was the sole shareholder and director of Murdoch Capital.
In a separate announcement, Syracuse Capital as the Tenacity Trust said it had become a substantial shareholder in Acuvax with the acquisition of 93,000,000 shares or 9.9 percent of the company at the same price as Murdoch Capital.
The initial substantial shareholder notice said Rocco Tassone of Northern Highway, Middle Swan, Western Australia was the sole shareholder and director of Murdoch Capital.
Acuvax was unchanged at 0.2 cents having traded as low as 0.15 cents, with 400,555.671 shares traded. Acuvax has 935,095,319 shares on issue.

ADVANCED SURGICAL DESIGN & MANUFACTURE

Advanced Surgical says director Walter Kmet resigned on November 5, 2010.
Mr Kmet's departure from the company was mentioned in the chairman's address to the company's annual general meeting, but not announced separately.
Advanced Surgical was untraded at 41 cents.