



Biotech Daily

Tuesday November 30, 2010

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH DOWN: VIRAX UP 7%; IMMURON DOWN 12%**
- * **WEHI SAYS MATURE BLOOD CELLS INFLUENCE STEM CELL 'PARENTS'**
- * **BROADVECTOR WITHDRAWS \$8.5m IPO**
- * **CANADA'S BIONICHE IN \$31m ASX LISTING**
- * **FEDERAL \$21m FOR MELBOURNE UNIVERSITY STEM CELL RESEARCH**
- * **GENETIC TECHNOLOGIES SETTLES DU PONT PIONEER DNA DISPUTE**
- * **SELECT REDUCES TO 5.1% OF CIRCADIAN**
- * **ANTEO DISSENT ON OPTIONS, DIRECTOR LAURA IACUSSO**
- * **HEALTHLINX APPOINTS DR JOHN CHIPLIN DIRECTOR**
- * **AVEXA APPOINTS ALLAN TAN DIRECTOR; LEE MITCHELL COMPANY SEC**

MARKET REPORT

The Australian stock market fell 0.74 percent on Tuesday November 30, 2010 with the S&P ASX 200 down 34.1 points to 4584.4 points.

Nine of the Biotech Daily Top 40 stocks were up, 14 fell, 13 traded unchanged and four were untraded.

Virax was best, up 0.2 cents or 7.4 percent to 2.9 cents with 112,530 shares traded.

Genetic Technologies and Mesoblast climbed more than three percent; Biota and Phylogica rose more than two percent; Cellestis was up 1.6 percent; with Nanosonics, Psivida, Resmed and Sirtex up by less than one percent.

Immuron led the falls, down 0.9 cents or 11.8 percent to 6.7 cents with 363,567 shares traded, followed by Antisense down 11.1 percent to 0.8 cents with 735,585 shares traded.

Alchemia, Cellmid and Phosphagenics fell more than four percent; Benitec, Clinuvel, Cochlear and Universal Biosensors were down more than three percent; Impedimed shed 2.4 percent; Chemgenex and Tissue Therapies were down more than one percent; with Acrux, Circadian, CSL and Starpharma down by less than one percent.

[THE WALTER AND ELIZA HALL INSTITUTE FOR MEDICAL RESEARCH](#)

The Walter and Eliza Hall Institute says its researchers have shown that mature blood cells can communicate with, and influence the behavior of, their stem cell 'parents'. The Melbourne-based Institute said the discovery of a blood cell 'feedback loop' opens new avenues of research into diseases caused by stem cell disorders and the potential for new disease treatments.

Published today in the Proceedings of the National Academy of Sciences, the abstract is available at <http://www.pnas.org/content/early/2010/11/24/1016166108.abstract>.

The Institute said Dr Carolyn de Graaf and Prof Doug Hilton from its molecular medicine division and Prof Warren Alexander from the cancer and haematology division led the research.

Prof Hilton said the findings revealed a previously unknown relationship between the blood cells.

"We know that blood stem cells give rise to all the mature blood cells, but the standard assumption was that external factors control blood cell production and the two populations exist in isolation," Prof Hilton said.

"This study shows that the mature cells actually communicate back to the stem cells, changing their gene expression and influencing their behavior," Prof Hilton said.

WEHI said researchers found that blood cell disorders could cause disturbances in the feedback loop, with profound effects on the blood stem cells.

The Institute said the discovery was made while studying the effect of the loss of Myb, a transcription factor that represses platelet production, in animal models.

Dr de Graaf said the loss of the Myb gene meant the animals had very high numbers of platelets in their blood, which caused changes in the signaling pathways that control stem cell maintenance.

"The stem cells, rather than being maintained in a resting state until needed, were being told to continually cycle and produce mature blood cells," Dr de Graaf said.

"The stem cells were eventually exhausted and blood disorders developed because there were not enough stem cells to produce new red and white blood cells," Dr de Graaf said. WEHI said the team of researchers used new generation genomic technologies to identify gene signatures in the blood stem cells that were caused by the defective signaling and these gene signatures could be used in the future to diagnose and help treat disease.

"If we can understand the genes important for stem cell maintenance and blood cell production, then we can start to look at ways of improving transplantation techniques and therapies for blood disorders," Dr de Graaf said.

Prof Hilton said that patients with stem cell failures could also potentially benefit from the Institute's research.

"What we would like to do is to determine whether some of these stem cell failures are due to miscommunication between mature blood cells and stem cells, with the possibility of finding new ways to treat these disorders down the track," Prof Hilton said.

[BROADVECTOR](#)

Broadvector has withdrawn its initial public offering and will pursue other funding activities for its gene-directed enzyme pro-drug therapy (BD: Sep 6, 13, 2010).

The company had hoped to raise at least \$5 million and up to \$8.5 million at 20 cents a share and list on the ASX.

Broadvector chief executive officer Dr Andrew Bray told Biotech Daily the company would continue developing the therapy for prostate cancer and aseptic loosening of prosthetic implants as a public unlisted company.

BIONICHE LIFE SCIENCES INC

The Ontario-based Bioniche hopes to raise \$C30 million (\$A30.6 million) and apply for quotation on the ASX to develop its phase III bladder cancer drug Urocidin.

Bioniche said Urocidin was a formulation of its platform technology mycobacterial cell wall-DNA complex or MCC.

Bioniche said it had been listed on the Toronto Exchange since 1992, earned revenues of \$C45 million in the financial year ending 30 June, 2010 and planned to issue up to 20 million new common shares under two concurrent financings through an offer to Australian and New Zealand investors at \$A1.50 a share as well as an offer to Canadian investors. The company said the Australian offer was led by Taylor Collison and the Canadian offer was led by Northland Capital Partners.

Bioniche said it was “a well-established company which discovers, develops, manufactures and markets products for the human and animal health markets worldwide”. The company said it was generating sustained revenue from sales within its animal health division, which had a portfolio of more than 60 products, including products to assist in reproduction, vaccines and natural health products for companion animals, horses and the livestock industry.

Bioniche said it had “a promising late-stage phase III clinical program targeting bladder cancer, the fourth most common cancer in men and the 11th most common in women in the United States”.

The company said it had a global licence for the commercialization of the bladder cancer drug Urocidin with the US-based Endo Pharmaceuticals Inc.

Bioniche chief executive officer and president Graeme McRae said the offer gave Australian and New Zealand investors “the opportunity to invest in an established company, with existing revenues and the potential upside of a late-stage product pipeline”. “Bioniche has developed and launched many products for the global animal health market and its animal health business alone has grown to become the largest Canadian-owned research-based animal health company, generating \$C27 million in sales revenue in the last financial year”.

“We also have a solid and growing animal health business and a loyal and long-term shareholder base in Australia,” Mr McRae said.

“We believe the company’s expertise and technology in both human and animal health, particularly in biologics, vaccines and their manufacturing, will lead to the development of new products that will address areas of need in both humans and animals,” he said.

“Bioniche has a record of successfully commercializing new products and has several opportunities to continue to grow and increase market share for each of its three major areas of focus - human health, animal health and food safety,” Mr McRae said.

The company said Urocidin for non-muscle-invasive bladder cancer had completed a registration-directed phase III clinical trial in patients whose cancer was refractory or not responsive to standard treatment and Endo planned to conduct an additional phase III trial in this patient population.

Bioniche said that following a successful second phase III trial, Endo would submit data to the US Food and Drug Administration for registration of Urocidin for non-muscle-invasive bladder cancer.

The funds raised in the offers would be used to expand manufacturing capacity for Urocidin to meet expected demand; pursue new human oncology applications using the company’s MCC platform through phase I clinical testing; and a range of other projects.

The offer opens today, November 30, 2010 and closes on December 17, 2010.

The prospectus is at www.bioniche.com.

Bioniche (BNC) last traded on the TSX down four cents or 2.82 percent to \$C1.38.

FEDERAL GOVERNMENT. UNIVERSITY OF MELBOURNE

The Federal Government says it is funding the University of Melbourne Stem Cells Australia research team with a \$21 million grant.

The funds were first announced earlier in May this year (BD: May 31, 2010) three days before the Australian Stem Cell Centre at Monash University announced that its funding would be terminated on June 30, 2011 (BD: Jun 2, 2010).

"The centre has received more than \$98 million in Australian Government funding since it was established. It was always intended that the centre would become self-sustaining," Innovation Minister Senator Carr said in June.

"The Australian Government has established a \$21 million Special Research Initiative in Stem Cell Science to continue building Australia's capacity to conduct stem cell research," Senator Carr said at that time.

Today, Senator Kim Carr said today that the \$21 million came from the Australian Research Council's Special Research Initiative in Stem Cell Science and "could deliver significant breakthroughs in ... biotechnology and save the lives of thousands of Australians".

"The Stem Cells Australia application showed innovative research ideas and strong leadership skills," Senator Carr said.

"Both are needed to give us a greater understanding of stem cells and hopefully bring about some of the world's best medical breakthroughs," Senator Carr said.

"Heart disease, stroke and multiple sclerosis are common medical problems and we need solutions to save lives, improve quality of life, take pressure off our hospitals and, in turn, ease the burden on our economy," Senator Carr said.

"This high-calibre stem cell research team may just find the answers we need," Senator Carr said.

The Minister's media release said Stem Cells Australia would be led by Prof Martin Pera who began his career in Australia, but has been directing a stem cell research centre at the University of Southern California.

"With his team, Professor Pera will not only conduct quality research, he will create a public awareness unit that will educate the public and encourage public debate into the ethical, legal and public policy issues associated with stem cell science," Senator Carr said.

The media release said the work of Stem Cells Australia would be strengthened through national and international partnerships, including Monash University, the University of Queensland, the University of New South Wales, the Victor Chang Cardiac Research Institute, the Walter and Eliza Hall Institute of Medical Research, the Florey Neuroscience Institutes and the Commonwealth Scientific and Industrial Research Organisation.

For more information on the ARC Stem Cell Initiative go to: www.arc.gov.au/ncgp.

GENETIC TECHNOLOGIES

Genetic Technologies says it has settled its dispute with Du Pont Corp's Pioneer Hi-Bred International relating to its non-coding patents.

Genetic Technologies said the Iowa-based company executed a settlement agreement following the patent infringement suit filed in the US District Court, Western District of Wisconsin earlier this year (BD: Feb 16; May 3, 5; Aug 26, 2010)..

Genetic Technologies said Pioneer was the sixth party to reach a settlement of the nine originally sued and the commercial terms were covered by confidentiality provisions and could not be disclosed.

Genetic Technologies was up 0.1 cents or 3.3 percent to 3.1 cents.

CIRCADIAN

Select Asset Management has reduced its substantial holding in Circadian from 2,769,943 shares (6.12%) to 2,364,401 shares (5.10%).

The substantial shareholder notice said Select sold the 405,542 shares for \$306,363 or an average price of 75.5 cents a share.

Circadian fell half a cent or 0.8 percent to 63 cents.

ANTEO DIAGNOSTICS

Most Anteo annual general meeting resolutions were passed with some opposition dissent and one resolution was withdrawn.

Anteo said the resolution to approve the issue of options to chairman James Henderson was withdrawn prior to the meeting.

The greatest dissent was against the issue of options to Laura Iacusso with 18,187,640 proxy votes (10.1%) opposed and 161,421,914 proxy votes (89.9%) in favor.

The re-election of Ms Iacusso as well as the issue of options to chief executive officer Dr Geoffrey Cumming and director Richard Martin were opposed by smaller margins.

The remuneration report was supported by more than 175 million proxy votes and opposed by 4.8 million proxy votes, while Mr Martin was re-elected overwhelmingly.

Anteo's most recent Appendix 3B share issue announcement said there were 668,081,264 shares on issue, meaning that the strongest opposition came from 2.7 percent of all shares on issue.

Anteo fell 0.1 cents or 1.85 percent to 5.3 cents.

HEALTHLINX

Healthlinx has appointed Dr John Chiplin as a non-executive director.

Healthlinx said the former chief executive officer of Peptech and Arana, Dr Chiplin had more than 20 years' experience in life science and technology industries in the US, UK and Australia.

The company said the expansion of its distribution of Ovplex meant the board required additional skills and expertise to help drive the business strategy and sought an additional member with strong life sciences operations and financial market experience.

Healthlinx managing director Nick Gatsios said Dr Chiplin was skilled in operations and financial markets and his knowledge and experience would be of great value.

The company said that Dr Chiplin guided Arana's lead drug candidate, a domain antibody, through phase I into phase II clinical trials and investigational new drug application to the US Food and Drug Administration.

Healthlinx said Dr Chiplin led the corporate re-engineering of Arana, which resulted in the acquisition of the company by Cephalon in July 2009.

The company said Dr Chiplin's investment vehicle Newstar Ventures has funded more than 12 early stage companies in the past 10 years.

Dr Chiplin's pharmacy and doctoral degrees are from the University of Nottingham and he is a director or an advisor to a number of companies and venture capital funds.

Healthlinx fell 0.1 cents or 1.1 percent to 8.9 cents.

AVEXA

Avexa has appointed Allan Tan as a non-executive director today.

Avexa said Lee Mitchell would be appointed company secretary, with Magda Klapakis as head of finance from December 1, 2010.

The company said Mr Tan was a partner in the Singapore law firm Colin Ng and Partners.

Avexa said Mr Tan had been a director of Singapore-listed Adventus Holdings which had interests in electronics, telecommunications and mineral resources since 2008.

The company said Mr Tan was a member of the Singapore Academy of Law and the Law Society of Singapore.

Avexa chairman Joe Bains said Mr Tan's broad legal and business experience complimented the expertise of the existing Avexa board.

Avexa was unchanged at four cents.