



# Biotech Daily

Tuesday October 19, 2010

*Daily news on ASX-listed biotechnology companies*

- \* **ASX, BIOTECH EVEN: USCOM UP 18%; CELLMID DOWN 12.5%**
- \* **VICTORIA'S PREMIER BRUMBY LAUNCHES INVESTMENT SUMMIT WITH \$55m**
- \* **WEHI, BECTON DICKINSON COMMERCIALIZE RESEARCH REAGENTS**
- \* **PATRY'S TREATS FIRST MELANOMA PATIENT WITH PAT-SM6**
- \* **CALZADA QUILTS AVEXA WITH \$270k LOSS**
- \* **PHOSPHAGENICS TO MARKET AOD9604 AS COSMETIC FAT-BUSTER**
- \* **DAIICHI SANKYO LAUNCHES BIOTA-DEVELOPED INAVIR IN JAPAN**
- \* **AUSTRALIAN ETHICAL TAKES 100% PROFIT ON TISSUE THERAPIES**
- \* **LIVING CELL VOTES ON PLACEMENT SHARES, DIRECTORS' OPTIONS**
- \* **NOVOGEN LOSES CHAIRMAN PHILIP JOHNSON IN US FOCUS**
- \* **HELICON PLEADS SCHULTZ TO ASX 90% PRICE QUERY**
- \* **BIOPROSPECT RAISES \$370k; HOPES FOR FURTHER \$1.9m**

## MARKET REPORT

The Australian stock market edged up 0.08 percent on Tuesday October 19, 2010 with the S&P ASX 200 up 3.8 points to 4655.7 points. Fifteen of the Biotech Daily Top 40 stocks were up, 16 fell, eight traded unchanged and one was untraded.

Uscom was best, up six cents or 17.65 percent to 40 cents with 4,665 shares traded, followed by Starpharma up 11.5 percent to 63 cents with 342,099 shares traded.

Pharmaxis, Phosphagenics and Psivida climbed more than nine percent; Sirtex was up 4.1 percent; Acrux, Bionomics, Nanosonics and Virax were up more than three percent; Cellestis, Impedimed and Living Cell rose more than two percent; with Cochlear and QRX up more than one percent.

Cellmid led the falls, down 0.3 cents or 12.5 percent to 2.1 cents with 176,388 shares traded, followed by Tissue Therapies down 9.8 percent to 37 cents with 916,523 shares traded. Antisense, Benitec, Cathrx and Prana lost more than seven percent; Prima and Sunshine Heart both fell 6.7 percent; Chemgenex, Compumedics, Genetic Technologies, Mesoblast and Novogen were down more than three percent; Phylogica and Resmed shed more than two percent; with Biota down 1.55 percent.

## AUSTRALASIAN LIFE SCIENCE INVESTMENT SUMMIT, VICTORIAN GOVERNMENT

Victoria's Premier John Brumby formally opened the Australasian Life Science Investment Summit, announcing a \$55 million 'action plan' for biotechnology.

In introducing Mr Brumby, Ausbiotech chief executive officer Dr Anna Lavelle said "the Premier is a wonderful and long-term supporter of innovation and biotechnology".

"John Brumby has shown he really understands commercialization," Dr Lavelle said.

Dr Lavelle said there were 150 investors from 99 companies at the one-day event with 39 companies presenting in six-minute presentations.

Mr Brumby said the event was "the largest life science investment summit in Australia" and welcomed delegates to "the life science capital of Australia".

Mr Brumby said that at the US BIO in 2001 he set a goal of Melbourne becoming one of the top five biotechnology centres in the world.

"We have indeed reached top five in a number of measures," Mr Brumby said.

He said that in terms of world history, the agricultural revolution, industrial revolution, IT revolution and the biotech and life sciences revolution, innovation in life sciences had the potential to meet some of the big challenges of our time.

He said for life sciences to thrive a location required a strong economy for investors, infrastructure and partnerships and compared the size of Victoria with five million people to Ireland, Israel and Singapore.

Mr Brumby said that with 11 years of surplus budgets and 'triple A' credit rating, Victoria had "the funds to invest in scientific infrastructure" citing the Australian Synchrotron, the collaboration with IBM for the life sciences super-computer at the University of Melbourne and the start of construction in 2011 of the \$1 billion Parkville cancer centre, with the Federal and Victorian Governments providing \$500 million each.

He said he expected the cancer centre to be one of the top 10 in the world.

"When it comes to biotechnology, there is no room for complacency – the goal posts shift continuously," Mr Brumby said.

He announced the \$55 million action plan for biotechnology at the conference saying the Government wanted to promote biotechnology as an enabling technology for other sectors, increase collaborations and see greater convergence so that an advance in one area could be applied to other areas.

In a media release the Victorian Government said the \$55 million action plan would expand on Victoria's expertise in areas such as stem cells, infectious diseases, cancer, cardiovascular disease and agricultural biotechnology.

The media release said that though the action plan the Government wanted to: create an industrial biotechnology uptake program and an industrial biotechnology demonstration project; drive uptake of electronic research; create a health market validation program; expand international partnering and develop new approaches to attracting investment; better coordinate capability and capacity across Victoria's research precincts; and expand Victoria's biotechnology's commercial skills base.

Innovation Minister Gavin Jennings said the action plan "brings together universities, research institutes, hospitals and industry to create a statewide systems-approach to life sciences research and capitalizes on Victoria's global economic standing to consolidate and expand important international linkages".

The media release said the action plan followed the release of the government's economic statement 'Victoria: The Innovation State', which identified biotechnology as a key driver of innovation that would help Victoria become an innovative economic powerhouse.

The Victorian Biotechnology Action Plan is available at: [www.biotechnology.vic.gov.au](http://www.biotechnology.vic.gov.au)

Ausbiotech's conference begins tomorrow at the Melbourne Convention Centre, Clarendon Street, South Melbourne.

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

The Walter and Eliza Hall Institute will collaborate with Beckton Dickinson to evaluate and develop WEHI reagents for research and diagnostic use.

The Institute said it had a portfolio of more than 100 monoclonal antibodies produced through its in-house antibody facility for research into cancer, chronic inflammatory diseases and infectious diseases.

The Institute said the collaboration with the New Jersey-based Beckton Dickinson's biosciences segment would build on programs focused on identifying novel targets for therapeutic monoclonal antibody and drug development.

WEHI said the financial terms were confidential but Beckton Dickinson would make upfront and annual payments as well as royalty payments on sales of any licenced antibodies in return for a first option to evaluate and commercialize the WEHI antibodies.

The Institute's business development manager Dr James Dromey said antibodies were an important tool in the laboratory as well as the clinic, where they are used as diagnostic tools and biomarkers.

Dr Dromey said the collaboration was an opportunity to share internal resources and scientific expertise with the wider scientific community, improve the possibility of the Institute's technology being commercialized and have a positive impact on research and diagnostic markets.

"This is the first commercial contract that we have established for wider utilization of institute reagents and we hope it will be the first step in a broader collaboration," Dr Dromey said.

## [PATRYS](#)

Patrys has treated its first melanoma patient in a clinical trial of PAT-SM6 a natural human antibody that has shown promise as a treatment for multiple types of cancer

Patrys said it was the first reported clinical product to target the GRP78 protein on the surface of cancer cells, which plays a role in cancer cell survival, growth and metastases. Patrys said the patient was screened at the Royal Adelaide Hospital Cancer Centre and, so far, no safety issues had been observed or reported.

Patrys chief medical officer Dr Marie Roskrow said the company believed the use of cancer-specific natural human antibodies was a novel approach to treating cancer.

Patrys said melanoma was a serious global medical problem, with an expected doubling of incidence every 15 years and Australia had the highest rate of skin cancer in the world, with nearly 10,000 cases diagnosed each year.

Patrys said current treatments for metastatic melanoma were largely ineffective, resulting in a five year survival rate of 16 percent.

Patrys chief executive officer Dan Devine said the trial was "groundbreaking" because PAT-SM6 was the first clinical product to target GRP78 and offered "a new alternative for patients with melanoma and other deadly cancers".

Mr Devine said PAT-SM6 was the first clinical product manufactured with Patrys' production technology, "which is the first in the industry to generate yields necessary for natural human antibody development and commercialization".

"This achievement has a broad impact on the value of our products, each of which can be manufactured using the same technology," Mr Devine said.

Patrys said the primary aim of this trial was to evaluate the safety and tolerability of PAT-SM6, with secondary endpoints aimed at measuring anti-tumor activity.

Patrys said it expected the results to be reported in about 12 months.

Patrys was unchanged at 8.5 cents.

## CALZADA, AVEXA

Calzada has sold its 16.06 percent of Avexa, in a broker-arranged sale of the 145 million shares at 2.8 cents a share, losing about \$270,000.

Calzada acquired the shares at three cents a share following the closure of the apricitabine program for HIV (BD: May 10, 2010).

Calzada executive chairman David Franklyn said that he wanted to ensure that Avexa's \$23 million in cash was retained and invested in Australian biotechnology.

At an extraordinary general meeting for a board spill last month the existing Avexa board defeated Calzada nominated directors by a margin of two to one (BD: Sep 28, 2010).

Mr Franklyn told Biotech Daily today that the \$4.35 million stake in Avexa was "a sizeable investment and it is not appropriate to have that as a passive investment".

Calzada repeatedly requested board representation, with Avexa consistently refusing.

Avexa has appointed an independent expert to review its business.

Calzada was up 0.2 cents or 9.1 percent to 2.4 cents with 1.9 million shares traded.

Avexa was up 1.2 cents or 38.7 percent to 4.3 cents with 157.7 million shares traded.

## PHOSPHAGENICS, CALZADA

Phosphagenics will market Calzada's anti-obesity peptide, AOD9604, as a cosmetic product delivered by its transdermal tocopheryl phosphate mixture or TPM.

Phosphagenics said it had completed formulation development and testing, successfully demonstrating increased skin absorption of the peptide.

The company said human studies of the TPM-AOD9604 product would be conducted in Australia to study efficacy, with the launch as a cosmetic expected early in 2011.

Phosphagenics said AOD9604 was a 16-amino acid peptide derived from human growth hormone that had undergone pre-clinical and clinical testing in multiple human trials as an oral dosage form.

The company said that in a large phase II human trial AOD9604 was unable to demonstrate weight loss across the entire study population, although some positive weight loss was evident in a large female sub-group.

In 2007 Metabolic (now Calzada) said the trial of 536 subjects showed that AOD9604 did not demonstrate the weight loss required to support commercial outcomes with weight loss at 12 and 24 weeks, after allowing for the diet and exercise program, "less than 1 kg in all dose groups" (BD: Feb 21, 2007).

Phosphagenics said its commercial strategy was to re-formulate the oral compound into a topical cream using TPM for a cosmetic application.

The company said TPM had reproducibly shown the ability to deliver a range of different active ingredients into the skin, including proteins significantly larger than AOD9604.

Phosphagenics said it expected this approach would "enhance the delivery of AOD9604 directly to problem areas, circumventing the need for oral absorption".

Phosphagenics chief executive officer Dr Esra Ogru said there was "little doubt that the compound has huge potential".

"Topical delivery could by-pass earlier problems associated with oral absorption and efficacy," Dr Ogru said.

Dr Ogru said the company had sourced the peptide from a low-cost Asian manufacturer, had formulated and developed a topical product using TPM and had mapped out a commercial and marketing strategy for the product.

Dr Ogru said the cosmetic market was very large with about \$US3 billion spent globally each year on products that promise "firming" or anti-cellulite results.

Phosphagenics rose one cent or 9.5 percent to 11.5 cents with 2.1 million shares traded.

## BIOTA

Daiichi Sankyo has formally launched its anti-influenza treatment Inavir Dry Powder Inhaler co-developed with Biota.

Daiichi Sankyo said Inavir (laninamivir octanoate) was a long-acting neuraminidase inhibitor with the same efficacy in a single dose as a five-day administration of oseltamivir. Biota chief financial officer Damian Lismore told Biotech Daily that the drug would be sold for \$51 a course and the company expected to earn royalties from sales by May 2011. Daiichi Sankyo said that as a new treatment option for influenza Inavir would be an important alternative for treating influenza, both benefiting patients and contributing to society.

Daiichi Sankyo said it planned to supply two million units of the treatment by the end of December 2010 and four million units by the end of March 2011.

Biota fell 1.5 cents or 1.55 percent to 95 cents.

## TISSUE THERAPIES

Australian Ethical's Smaller Companies trust has reduced its substantial holding in Tissue Therapies from 11,431,915 shares (8.27%) to 9,615,403 shares (6.96%).

The substantial shareholder notice said the company primarily acquired shares from January 27, 2010 until June 15, with 2,498,643 shares sold between October 13 and 15 for \$1,084,502 or an average price of 43.4 cents a shares.

Australian Ethical acquired 765,000 Tissue Therapies in January for \$153,000 or an average price of 20 cents a share.

Tissue Therapies fell four cents or 9.8 percent to 37 cents.

## LIVING CELL TECHNOLOGIES

Living Cell shareholders will vote on the issue of 500,000 options to chief executive officer Dr Ross Macdonald and the ratification of a prior placement.

Living Cell shareholders will also vote on the reelection of Dr David Brookes and Simon O'Loughlin.

The meeting will be held at the Stamford Plaza Hotel, 150 North Terrace, Adelaide, on November 18, 2010 at 1pm (ACDT).

Living Cell was up half a cent or 2.4 percent to 21 cents.

## NOVOGEN

Novogen has appointed director William D Rueckert as chairman following the resignation of Philip Johnson.

Mr Johnson was appointed a director in 1997 and has been chairman since 2001.

Novogen said Mr Rueckert has been a director since 2006.

The company said that the US-based Mr Rueckert had an extensive background in business and investment across a range of industries, including natural resources, financial services and healthcare.

Novogen said Mr Rueckert's appointment reflected its "increasing orientation towards drug development activities in the United States through its US subsidiary, Marshall Edwards".

Novogen fell half a cent or 3.7 percent to 13 cents.

## HELICON GROUP

Helicon has told the ASX that it is not aware of any information it has not announced which, if known, could explain recent trading in its securities.

The ASX said the company's share price rose from 1.9 cents on October 11, 2010 to 3.6 cents on October 19, 2010 an increase of 89.5 percent and noted an increase in trading volume.

Helicon closed up 0.7 cents or 21.9 percent to 3.9 cents with 2.4 million shares traded.

## BIOPROSPECT

Bioprospect has raised \$370,000 and hopes to raise a further \$1.91 million through a share and option rights issue to raise a total \$2.28 million.

Bioprospect said the share and option offer was pending compliance with ASX listing rules.

Bioprospect said it had placed 74,000,000 shares at 0.5 cents a share raising \$370,000.

The company said that each placement share would come with a free attaching option exercisable at three cents by December 31, 2013, subject to shareholder approval.

The company said a one-for-two rights issue would be conducted on the same terms as the placement to raise \$1.59 million.

Bioprospect said it would offer loyalty options to raise \$320,000 on the basis of one loyalty option for every two shares held at an issue price of 0.1 cent and would have the same terms and conditions as the placement and rights issue options.

The company said the non-renounceable rights issue and loyalty options were fully underwritten by Novus Capital.

Bioprospect said the details and timetable would be released later this month.

Bioprospect fell 0.2 cents or 14.3 percent to 1.2 cents with 2.8 million shares traded.