



Biotech Daily

Friday September 21, 2012

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH UP: PATRYS UP 24%, OPTISCAN DOWN 10.5%**
- * **RESEARCH BACKS PATRYS PAT-SM6 FOR TUMOR CELL DEATH**
- * **UNIVERSAL BIOSENSORS, SIEMENS MANUFACTURING, SUPPLY DEAL**
- * **CATHRX \$2.2m R&D TAX CREDIT**
- * **CORRECTION: BIOXYNE**
- * **PROGEN TO CONTINUE DEVELOPING PG545 FOR CANCER**
- * **IMMURON NAMES CLOSTRIDIUM DIFFICILE PRODUCT 'IMM-529'**
- * **SIRTEX PREPARES FOR FOUNDER DR BRUCE GRAY BOARD SPILL AGM**
- * **AGENIX 25-FOR-1 CONSOLIDATION AGM; 10m CHAIRMAN OPTIONS**

MARKET REPORT

The Australian stock market was up 0.25 percent on Friday September 21, 2012 with the S&P ASX 200 up 11.1 points to 4,408.3 points.

Fourteen of the Biotech Daily Top 40 stocks were up, 10 fell, 11 traded unchanged and five were untraded.

Patrys was the best for the second day in a row, up 0.6 cents or 24 percent to 3.1 cents, with 2.8 million shares traded, followed by Universal Biosensors was up 20.3 percent to 80 cents with 37,529 shares traded and Impedimed up 11.1 percent to 15 cents.

Ellex and Phosphagenics climbed eight percent or more; Bionomics and Reva were up more than seven percent; Phylogica was up 3.85 percent; Pharmaxis, Sirtex and Tissue Therapies rose more than two percent; Biota was up 1.45 percent; with CSL, Heartware, Resmed and Starpharma were up by less than one percent.

Optiscan led the falls, down one cent or 10.5 percent to 8.5 cents with 7,575 shares traded.

Prana lost 5.7 percent; both Avita and Neuren fell 3.85 percent; Circadian and Mesoblast shed more than two percent; Anteo and Viralytics were down more than one percent; with Clinuvel and QRX down by less than one percent.

PATRY'S

Patry's says published data supports the ability of lead candidate PAT-SM6 to induce tumor cell death.

Patry's said that the article published in the US Public Library of Science ONE reported that PAT-SM6's mechanism of action was through its multivalent nature and ability to form multiple bond interactions with multiple receptors clustered on the surface of tumor cells. The company said that the combined strength of the multiple interactions was called 'avidity' and PAT-SM6 demonstrated high avidity of binding that was believed to be responsible for more effective cell death.

Patry's said that the interaction of the PAT-SM6 antibody and its primary target GRP78, found on the surface of many cancer cells, resulted in the induction of cell death in various tumors.

The paper, entitled 'The Anti-Cancer IgM Monoclonal Antibody PAT-SM6 Binds with High Avidity to the Unfolded Protein Response Regulator GRP78' was co-authored by staff at Patry's and Patry's GmbH, Würzburg, Germany, as well as researchers at the University of Melbourne and an abstract is at: <http://dx.plos.org/10.1371/journal.pone.0044927>.

The abstract said that "a primary target for PAT-SM6 is the unfolded protein response regulator GRP78, over-expressed externally on the cell surface of tumor cells".

"We propose that the biological action of PAT-SM6 in tumor cell apoptosis may depend on the multivalent nature of PAT-SM6 and the high avidity of its interaction with multiple GRP78 molecules clustered on the tumor cell surface," the abstract said.

Patry's said the paper presented evidence of a very strong and specific interaction between PAT-SM6 and immobilized, clustered GRP78 in laboratory experiments designed to mimic the natural clustering of GRP78 on the surface of cancer cells.

The company said that the observations were consistent with the theory that strength of the interaction between PAT-SM6 and GRP78 depended on the simultaneous binding of multiple sites of the PAT-SM6 Immunoglobulin M (IgM) pentameric molecule and could be responsible for the severity of tumor cell death.

Patry's said the work was the result of a collaboration with the University of Melbourne's Prof Geoff Howlett, Dr Terry Mulhern and Dr Danny Hatters from the Parkville Bio21 Institute.

The company said that a Federal Government Australian Research Council grant, awarded in November 2009, supported the collaboration and further evaluation of the mechanisms by which PAT-SM6 killed cancer cells.

Prof Howlett said that the project used "both a novel IgM antibody and disease target in combination with state of the art methods".

"The study demonstrates the beneficial multivalent nature of the PAT-SM6 antibody interaction with its receptor GRP78," Prof Howlett said.

Patry's chief executive officer Dr Marie Roskrow said the research was "another step in the development journey of PAT-SM6 substantiated by compelling science".

"It is yet another piece of evidence that positively supports our solid preclinical and clinical data sets, indicating PAT-SM6's safety and potential efficacy," Dr Roskrow said.

"Additional evidence supporting PAT-SM6's profile as an effective anticancer agent is very encouraging as we move forward with our multi-dose study of PAT-SM6 in patients with multiple myeloma," Dr Roskrow said.

Patry's was up 0.6 cents or 24 percent to 3.1 cents.

UNIVERSAL BIOSENSORS

Universal Biosensors has signed a long term point-of-care coagulation testing supply and manufacturing agreement with Siemens Healthcare Diagnostics.

Universal Biosensors said that under the agreement it would be the exclusive manufacturer of three test strips currently being jointly developed with Siemens, with the first test expected to be launched in 2013.

Universal Biosensors chief executive officer Paul Wright told Biotech Daily that the commercial terms and quantity of strips to be supplied had not been disclosed but said the point-of-care coagulation testing market was worth \$1 billion a year and growing, and that Siemens preferred to be the number one or two player in these markets.

Mr Wright said that he had previously given guidance that Universal Biosensors could expect 50 cents to \$1.50 per pro-thrombin test strip and that pro-thrombin was the largest part of the point-of-care coagulation testing market.

In a media release, Universal Biosensors said that with Siemens it was developing a range of products for the point-of-care coagulation testing market and the supply and manufacturing agreement was "an important milestone for Universal Biosensors in the lead up to the launch of the first product in this range" a pro-thrombin time international normalized ratio (PT-INR) testing system used to monitor the application of the anti-coagulant therapy warfarin, expected to be commercially available in 2013.

Universal Biosensors said the strips would be manufactured at the company's plant in Rowville, Victoria and Siemens would register, market and sell the products globally. The company said that apart from the ongoing research and development milestone payments to be received from Siemens, it would generate a return on its research and development investment in coagulation testing through its gross margin earned on the manufacture and supply of test strips to Siemens.

Universal Biosensors said that, consistent with the collaboration philosophy, it would share in incremental profits generated by Siemens on sales of the products that exceed their forecasts by a specified amount.

Mr Wright said that the signing of this supply agreement was "a major step forward in our relationship with Siemens and towards our shared vision for bringing a range of novel hand-held analyzers to the [point-of-care] coagulation testing market".

"Universal Biosensors will leverage its existing infrastructure to offer world-class manufacturing support to Siemens and create a new and important long term earnings stream for our business," Mr Wright said.

The company said that the \$1 billion a year point-of-care coagulation testing market was growing at more than 10 percent a year as a result of the increased use of anti-coagulant therapies such as warfarin and heparin, used to prevent the development of blood clots.

Universal Biosensors said that the use of those medications needed to be closely monitored, requiring frequent blood tests.

The company said the systems being developed with Siemens would deliver laboratory-quality results at the point-of-care in response to growing demand for near-patient solutions, including those that deliver time-critical coagulation data.

Universal Biosensors said that a US Securities and Exchange Commission Form 8-K summarizing the material terms of the supply and manufacturing agreement would be filed with the SEC overnight and released to ASX on September 24, 2012, with a redacted form of the supply and manufacturing agreement to be filed with its next quarterly Form 10-Q SEC filing.

Universal Biosensors was up 13.5 cents or 20.3 percent to 80 cents.

CATHRX

Cathrx says it has received \$2,237,444 from the Australian Tax Office for eligible research and development activities under the research and development tax credit scheme.

Cathrx said the funds were a cash refund of up 45 cents in the dollar for eligible spending by the company for research and development activities carried out in the financial year ending June 30, 2012.

The company said that the cash refund would support the advancement of the company's products and working capital.

Cathrx said that it continued to advance its capital raising plans and hoped to make an announcement in relation to the capital raising shortly.

Cathrx fell 0.2 cents or 33.3 percent to 0.4 cents.

BIOXYNE

In last night's article on the Bioxyne board spill, independent director Dr Douglas Wilson was described as an "Octa Phillips' director". Although Dr Wilson has associations with Octa Phillips executives, he is independent of the company.

The article also referred to Phillip Comans as "Mr Phillips".

Biotech Daily apologizes unreservedly for both errors and appreciates that while the sub-editor made several telephone calls on publication time in an attempt to check the facts, the errors were all his and cannot be excused.

In line with recent Federal Government policy there has "a brief pause in the granting of funds ... [while] examining every dollar of spending to make sure taxpayers are getting value for money" - or more clearly - his pay has been suspended indefinitely while we conduct a lengthy review.

Bioxyne was untraded at 2.5 cents.

PROGEN PHARMACEUTICALS

Progen says that it will "strengthen the preclinical package for PG545" in order to partner the potential cancer drug candidate (BD: Apr 4, 2012).

Progen said that last year it said it would begin licencing discussions with potential partners to continue the preclinical and clinical development of PG545 (BD: Jan 22, 2012).

Today the company said that it had "decided to strengthen the preclinical package for PG545 by undertaking a definitive good laboratory practice toxicology study for PG545 using an [intra-venous] route of administration".

The company said that it continued to canvass potential partners to continue the clinical development of PG545 and that in parallel it would seek to begin a phase I clinical trial under an intra-venous route of administration during 2013, subject to the availability of capital and positive results from the toxicology study to support human clinical testing.

Progen was up 1.5 cents or 5.9 percent to 27 cents.

IMMURON

Immuron has named its Clostridium difficile product as IMM-529.

Earlier this week Immuron said that it had "very encouraging results" from mouse studies using its cow colostrum to treat Clostridium difficile infections (BD: Sep 19, 2012).

Immuron chief executive officer Joe Bains told Biotech Daily the company had nominated the product IMM-529.

Immuron was untraded at 1.7 cents.

SIRTEX

Sirtex is preparing for further disruption to its annual general meeting from founder and former chairman Dr Bruce Gray.

The notice of meeting says the four resolutions to be considered at the meeting are the remuneration reports, the re-election of director Grant Boyce the issue of 140,000 free 'performance rights' to chief executive officer Gilman Wong at no cost or exercise price and a 'spill resolution'.

Under the Corporations Act any company sustaining a vote of 25 percent or more against the remuneration report in two successive annual meetings is required to have a board spill the directors standing for reelection at a subsequent meeting within 90 days.

Last year Dr Gray appeared to vote his 9.7 million shares or 17.3 percent of the company against all annual general meeting resolutions and all resolutions were passed with about 30 million votes in favor and more than 10 million votes against (BD: Oct 27 2011).

Sirtex said today that last year saw a vote of 33.24 percent against the remuneration report and if the vote was repeated this year a board spill would be required.

Dr Gray has been party to legal proceedings involving Sirtex and the University of Western Australia, which have found in favor of Sirtex and against both the University and Dr Gray (BD: Jun 11, 2010; Mar 18, 2011).

Dr Gray has on a number of occasions requisitioned or attempted to requisition extraordinary general meetings and voted against annual general meeting resolutions (BD: Jun 4, Jul 9, 2009; Oct 27, 2009; Oct 26, 2010; Oct 27, 2011).

The meeting will be held at the Christie Conference Centre, The Congo Room, Level 4, 100 Walker Street, North Sydney, on October 23, 2012 at 10am (AEST).

Sirtex was up 25 cents or 2.8 percent to \$9.05 with 111,875 shares traded.

AGENIX

Agenix shareholders will vote on a 25-to-one share consolidation resolution at the company's annual general meeting.

Agenix said that other resolutions to the meeting include the re-election of director Anthony Lee, the issue of 10,000,000 options in lieu of a pay to executive chairman Nicholas Weston and the ratification of the issue of 112,227,448 shares to Fortrend Securities.

The company said that 5,000,000 of Mr Weston's options would vest on January 4, 2013 and were exercisable at 1.2 cents by January 3, 2014, with the balance vesting on January 4, 2014 exercisable at the five-day volume weighted average price to January 4 2013, by January 3, 2015.

The meeting will be held at the Binder Dijker Otte (BDO accountants) Level 14, 140 William Street, Melbourne, on October 25, 2012 at 11.am (AEDT).

Agenix was unchanged at 0.3 cents.