

Biotech winners paced by Commonwealth, Given, Xenova

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SAN FRANCISCO (CBS.MW) -- Biotechnology stocks closed higher Tuesday on the back of several analyst upgrades, new contracts and drug approvals, but pharmaceutical shares had trouble breaking through into positive territory.

The Amex Biotechnology Index ([\\$BTK](#)) rose 1.4 percent to close at 507.85, while the Amex Pharmaceutical Index ([\\$DRG](#)) edged 0.3 percent lower to 331.71.

Commonwealth Biotechnologies ([CBTE](#)) bounced higher by 38 cents, or 7 percent, to \$6.04 after the Richmond, Va.-based research and development firm said it has received new contracts worth \$1.7 million from government-related agencies.

The company said the deals, calling for bio-defense and clinical trial laboratory support services, will begin in the late second and early third quarters.

Commonwealth plans to expand one of its facilities to accommodate the new work and added that it hoped to attract new clients with the expansion.

Given Imaging ([GIVN](#)) was also one of the biggest movers, climbing \$3.60, or 11 percent, to \$36.60 after the Israel-based maker of gastrointestinal imaging equipment said it signed an exclusive sales and co-promotion agreement with Ethicon Endo-Surgery, a Johnson & Johnson ([JNJ](#)) unit.

Terms call for Given Imaging will receive a milestone payment of up to \$10 million once the Food and Drug Administration approves its M2A esophageal capsule, possibly before the end of the year.

Given Imaging may receive additional payments of as much as \$40 million for achieving other performance milestones.

Ethicon will have rights to market M2A, while Given will be responsible for receiving regulatory approval, making the product and technical support.

Shares of New Brunswick, N.J.-based Johnson & Johnson ([JNJ](#)) eased 31 cents to \$55.14.

Another major mover was U.K.-based Xenova Group ([XNVA](#)) , which rose 17 cents, or 10 percent, to \$1.83 after the FDA cleared its key TransMid cancer drug for a Phase III trial on a common form of malignant brain tumor. [See full story.](#)

In other trial news, Immunomedics ([IMMU](#)) jumped 39 cents, or 8 percent, to \$5.58 after the Morris Plains, N.J.-based diagnostic imaging and therapeutic products company released results from a Phase II trial of its Epratuzumab treatment for systemic lupus.

Eleven patients tested showed some level of improvement with no adverse side effects, the company said. Epratuzumab is also currently undergoing Phase II trials as a treatment for patients with non-Hodgkin's lymphoma.

Elsewhere, Epimmune ([EPMN](#)) was up 11 cents, or 7 percent, to \$1.73 after the San Diego-based vaccine maker announced it has been awarded a National Cancer Institute grant to support its analysis of the effectiveness of its cancer vaccine candidate EP-2101.

The grant has a potential value of \$800,000 over two years, the company said. Currently, Epimmune is conducting Phase I and II trials of EP-2101 to treat colorectal cancer and non-small cell lung cancer.

In ratings news, Pharms ([PARS](#)) gained 26 cents, or 8 percent, to \$3.69 after it was initiated with an "outperform" rating at RBC Capital Markets. The company is an Iselin, N.J.-based biotech maker of cannabis-related drug compounds.

In a note to clients, analyst David Bouchev said he thinks the company's Dexanabinol drug for traumatic brain injury could be approved by mid-2006 and may reach sales of \$600 million in the four years after its launch.

Bouchev also started Sunnyvale, Calif.-based Pharmacyclics ([PCYC](#)) with an "outperform" rating. The biotech company makes drugs meant to enhance the effectiveness of chemotherapy and radiation treatments.

Bouchev wrote that he sees the Pharmacyclics' pipeline as having a "solid foundation for sustainable long-term revenue growth."

He also likes the company's management and lack of debt.

The stock rose 11 cents to \$12.02.

Finally, Bouchev initiated Allos Therapeutics ([ALTH](#)) with a "sector perform" rating.

While enthusiastic about the Westminster, Colo.-based biopharmaceutical firm's RSR13 drug candidate, the analyst said there is a likelihood that Allos will need to raise cash in the next 12 months due, in part, to a lack of significant news flow.

RSR13 is a synthetic small molecule currently being tested to work against brain metastases in patients suffering from breast cancer.

Allos climbed 13 cents, or 7 percent, to \$2.12.

Among biotech decliners, Illumina ([ILMN](#)) lost 83 cents, or 11 percent, to \$6.71 after the San Diego-based biotech firm announced that it will sell about 4.5 million shares of stock for about \$30.7 million, or \$6.75 each, to a group of institutional investors in a direct offering.

Dendreon ([DNDN](#)) fell \$1 cents, or 8 percent, to \$12 after the Seattle-based vaccine maker was downgraded to "market perform" at JMP Securities.

Analyst Charles Duncan wrote that he was making the cut, despite the company's better-than-expected quarterly results out Monday, because operating expenses were higher than what he had expected.

In addition, Duncan cited a lack of near-term potential upside for the company in his downgrade.

Meanwhile, JMP Securities also cut Lake Forest, Ill.-based Neopharm ([NEOL](#)) to "market perform" from "market outperform."

The broker cited the cancer drug developer's failure to disclose a formal investigation by the Securities and Exchange Commission during its quarterly conference call on Monday for the downgrade.

Shares lost \$1.07, or 7 percent, to \$14.28.

Finally, Pain Therapeutics ([PTIE](#)) slipped 5 cents to \$7.56 after the South San Francisco, Calif.-based maker of pain medicines filed a shelf registration with the Securities and Exchange Commission for the sale of up to 15 million shares of its common stock. The statement has yet to be declared effective. The company currently has 35.5 million outstanding shares.