Biotech Daily

Monday August 24, 2009

Daily news on ASX-listed biotechnology companies

*** ASX, BIOTECH UP: PRANA UP 12%, PSIVIDA DOWN 10%**

*** EDITORIAL: ASIC ACQUIRES ASX POWERS; NOW FOR TRANSPARENCY**

*** TWO PATRYS ANTI-CANCER COMPOUNDS READY FOR HUMAN TRIALS**

*** MEDICAL THERAPIES' EURO-PATENT TO PREVENT BLOCKED STENTS**

*** HUMAN EMBRYONIC STEM CELLS GLOW RED ON BECOMING BLOOD**

MARKET REPORT

The Australian stock market bounced back 3.2 percent on Monday August 24, 2009 with the S&P ASX 200 up 135.5 points to 4426.1 points.

Twenty-three of the Biotech Daily Top 40 stocks were up, seven fell, eight traded unchanged and two were untraded.

Prana was best, up 2.5 cents or 11.6 percent to 24 cents with 116,000 shares traded, followed by Cathrx, Genera and Tissue Therapies, all up by more than 11 percent.

Benitec climbed 10.3 percent; Nanosonics was up 6.8 percent; Antisense, Cytopia and Universal Biosensors were up more than five percent; Alchemia, Cellestis and Circadian climbed four percent or more; Biota, Chemgenex, Labtech Systems and Viralytics were up more than three percent; Mesoblast rose 2.9 percent; Clinuvel, Heartware, Resmed, Sirtex and Sunshine Heart were up more than one percent; with Cochlear, CSL, Peplin and Pharmaxis up by less than one percent.

Psivida led the falls, down 29 cents or 10.2 percent to $2.56 with 3,185 shares traded, followed by Novogen down 5.6 percent to 68 cents.

Impedimed lost 3.5 percent; Compumedics, Progen and Starpharma shed more than two percent; with Acrux down 0.4 percent.

BIOTECH DAILY EDITORIAL

Biotech Daily welcomes the removal of the ASX's supervision and surveillance of financial markets and participants powers to the Australian Securities and Investments Commission.

We have called for the removal of supervisory powers from ASX for some time (BD: June 25, 2009) and strongly support the Federal Government proposal for ASIC to take over the regulatory enforcement role, with one important condition – far greater transparency.

ASIC has been given greater funding by the Rudd Government and in recent times has announced a range of investigations leading to charges before the courts. There needs to be a review of the qualifications and ability of investigating staff to ensure that sufficient people capable of tracking corporate crime are on the payroll.

But for ASIC to be better respected by business, investors and the media it needs to be far more transparent about its operations.

ASIC refuses to tell finance journalists anything about its operations - just like old, bad police forces claiming to be investigating, when in fact they are doing nothing.

ASIC needs to be made accountable to the public and once a suspect company or individual has been told they are being investigated, investors and media, especially finance media, should be told as well.

We are intelligent enough to assume the party (ies) are innocent until proven guilty by a court, but the nature of the investigation should be public when the company is owned by a great number of shareholders.

The last caveat is that the announcement by the Federal Government says that the ASX will retain supervision of listed entities. This power also needs to be transferred to ASIC.

There is no room in a modern corporate world for the banal use of ASX queries. How many biotechs have had to waste time filling in a form to tell the ASX the share price went up because day-traders were speculating on potential good news, that a director's interest statement was one day late because the secretary had a day off or the most recent madness, a sentence declaring corporate governance issues had not been included in a 100-page report?

ASIC should be made more transparent and accountable and given all the powers held by the ASX, which should confine itself to running the daily operations of a stock market.

David Langsam
Editor

PATRYS

Patrys says it has completed pre-clinical work on two anti-cancer compounds and is preparing applications for Australian human clinical trials.

Patrys said it intended to file an application to begin a human clinical trial for PAT-SM6 which had been shown to have potent anti-cancer properties in laboratory and animal studies and brought about the death of cancer cells by binding to toxic low density lipoprotein particles in the blood.

The company said PAT-LM1 bound to a proprietary disease target expressed on the surface of cancer cells, but not on the surface of healthy tissues.

Patrys said it had completed the analysis of safety studies in which high doses of PAT-SM6 were administered to monkeys and mice and high doses of PAT-LM1 were administered to mice (BD: Jun 15, 2009).

Patrys said that after dosing, the animals were observed and monitored and no adverse results were observed in any of the studies.

An analysis of blood samples from subjects treated with high doses of PAT-SM6 showed the subjects did not generate an immune response against the fully human antibody.

Patrys said the lack of an immune response indicated it was possible to inject high doses without the subjects rejecting the drug, an important characteristic for a product being developed for cancer.

Patrys' chief executive officer Dan Devine said the company was "the first … to report that it can manufacture natural human antibodies at yields sufficient for clinical development".

"Now we are the first to show that these types of products are well tolerated at very high doses," Mr Devine said.

Patrys said no further preclinical testing was expected and the PAT-SM6 trial was expected to begin by the end of 2009 with a PAT-LM1 trial starting by July 2010.

Patrys was unchanged at 13 cents.

MEDICAL THERAPIES

Medical Therapies says a European patent has been granted for its midkine compounds that prevent cardiac stents becoming blocked following angioblasty.

The European Patent Office granted Medical Therapies a patent entitled 'Pharmaceutical compositions for the prevention and treatment of atherosclerosis and restenosis after [percutaneous transluminal coronary angioplasty]'.

Medical Therapies' chief executive officer Maria Halasz said that following angioplasty, the stents can cause an inflammatory response and become blocked, but her company's Midkine antibodies could stop the inflammatory process.

The company said it owned 26 patent families and more than 50 granted patents around midkine and the new patent added significant value to the company's asset portfolio and creates a major licensing opportunity.

Medical Therapies said atherosclerosis was a cause of cardio-vascular diseases and was often treated with angioplasty, but rapid rebuilding of plaques, also known as restenosis, limited the long term benefits of angioplasty.

The patent relates to the prevention and treatment of atherosclerosis and restenosis following angioplasty using Medical Therapies Midkine compositions.

Medical Therapies said Midkine was a native protein expressed during early cancer formation as well as at the onset of a number of inflammatory processes.

Medical Therapies was up 1.1 cents or 47.8 percent to 3.4 cents with 23.8 million shares traded.

AUSTRALIAN STEM CELL CENTRE, MONASH IMMUNOLOGY

Monash University stem cell scientists from have modified a human embryonic stem cell line to glow red when the stem cells become red blood cells.

The Australian Stem Cell Centre said the modified human embryonic stem cell (hESC) line, Erythred, was "a major step forward to the eventual aim of generating mature, fully functional red blood cells from human embryonic stem cells".

The Monash University-based Australian Stem Cell centre said the research was conducted at the Monash Immunology and Stem Cell Laboratories by a team led by Prof Andrew Elefanty and Prof Ed Stanley that included scientists at the Murdoch Children's Research Institute and was published today's in the journal, Nature Methods.

The work was funded by the Australian Stem Cell Centre, the Juvenile Diabetes Research Foundation and the National Health and Medical Research Foundation and will help track the differentiation of embryonic stem cells into red blood cells.

The Australian Stem Cell Centre said that human embryonic stem cells had the potential to turn into any cell type in the body, but it was a challenge to reliably turn these stem cells into specific cell types such as red blood cells.

The development of the Erythred embryonic stem cell line, which fluoresces red when haemoglobin genes are switched on, is an important development that will help researchers to optimise the conditions that generate these cells, the Stem Cell Centre said.

The Australian Stem Cell Centre's scientific director Prof Joe Sambrook said the "elegant work of the Elefanty-Stanley group unlocks the entrance to the long sought and elusive differentiation pathway that leads to expression of adult haemoglobin genes".

"Not only will the Erythred cell line lead to more efficient creation of red blood cells from human embryonic stem cells, but these cells are a crucial tool for monitoring the behavior of the cells when transplanted into animal models," Prof Elefanty said.

The abstract can be found online at: http://dx.doi.org/10.1038/NMETH.1364.