Biotech Daily

Wednesday May 27, 2009

Daily news on ASX-listed biotechnology companies

*** ASX, BIOTECH UP: OPTISCAN UP 10%, PRANA DOWN 20%**

*** US ARMY $2m TAKES AVITA'S RECELL WOUND TREATMENT THROUGH FDA**

*** CHEMGENEX'S $8.4m RAISING BRINGS 5-MONTH TOTAL TO $104m**

*** BENITEC SHORTFALL SHARES RAISE $37k**

*** BIOPHARMICA HLS5 PROJECT WINS $50k MELANOMA GRANT.**

*** INVESTEE PROFITS TO JUMP-START NORWOOD ABBEY**

*** SYDNEY UNIVERSITY DILUTED TO 9% OF MEDICAL THERAPIES**

*** STIRLING'S IMMUNOXEL APPROVED IN SOUTH AFRICA**

MARKET REPORT

The Australian stock market climbed 0.34 percent on Wednesday May 27, 2009 with the S&P ASX 200 up 12.7 points to 3,801.1 points.

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

Optiscan was best, up half a cent or 10 percent to 5.5 cents with 11,000 shares traded, followed by Novogen up 7.3 percent to 80.5 cents and Chemgenex 7.1 percent to 53 cents.

Cytopia climbed 6.25 percent; Antisense and Living Cell were up more than five percent; Biota, Circadian, Genera, Phosphagenics, Progen and Sirtex were up more than three percent; Pharmaxis rose 1.96 percent; with Arana, Cochlear, CSL, and Peplin up by less than one percent.

Prana led the falls, down 4.5 cents or 20.45 percent to 17.5 cents with 30,411 shares traded, followed by Phylogica down 12.5 percent to seven cents.

Benitec lost 5.9 percent; Nanosonics and Universal Biosensors fell more than four percent; Bionomics and Mesoblast were down more than three percent; Resmed and Tissue Therapies shed more than two percent; with Acrux, Alchemia and Starpharma down more than one percent.

AVITA MEDICAL

Avita has been awarded a $US1.45 million ($A2 million) grant from the US Armed Forces Institute of Regenerative Medicine for its Recell wound treatment.

Developed by Avita director Prof Fiona Wood for the predecessor company Clinical Cell Cultures, Recell has Australian Therapeutic Goods Administration and Conformitée Européenne (CE) Mark approval, but has been unable to achieve US Food and Drug Administration approval.

Avita chief executive officer Dr Bill Dolphin told a media lunch organized by Monsoon Communications that he was confident the funds would cover a 100-patient trial for the Armed Forces Institute of Regenerative Medicine (Afirm) including an FDA-approval trial.

Dr Dolphin said a new protocol was being taken to the FDA which was far less restrictive than the previous difficult-to-achieve protocol.

He said he hoped recruitment for the trial would begin in September with enrolment at 10 US centres completed in 12 months.

Dr Dolphin said the FDA trial would only require that Recell be shown to be no worse than the current standard of care of skin grafts and he was confident that was the case.

He said that there was keen competition for the $US50 million in the Afirm program which was intended to take transformational regenerative projects through to commercialization.

The program was 90 percent allocated when Dr Dolphin became aware of its existence at a conference. Three applicants of 25 won a share of the last $US5 million available.

“This announcement today is a huge affirmation of the technology,” Dr Dolphin said.

“Regenerative medicine is a growth area, it’s going to change the face of medicine,” he said. “The Afirm grant is extremely important as it comes with no strings attached and will take Recell through the FDA [approval process].”

Dr Dolphin said the Wake Forest University Baptist Medical Burn Center in North Carolina was the only confirmed trial site with one site likely to be a US Army hospital and all the others civilian centres.

Wake Forest professor of surgery Prof James Holmes said Recell had the potential to revolutionize the clinical treatment of burns, wounds and trauma due to illness or injury.

“We believe that this study represents an exceptional and truly viable opportunity to rapidly advance burn care for our wounded military personnel by gaining FDA approval of Recell, and at the same time generating Level 1/Class 1/ Class A clinical burn data,” Dr Holmes said.

Dr Dolphin said the Recell kit took a scrapping of skin and immersed it in an incubator with enzymes for about 20 minutes, creating free-floating cells which could then be sprayed on the wound. He said it was then covered with a bandage and a week later the skin was beginning to grow back without scarring and with better sensitivity and blood perfusion than tradition skin grafts.

Dr Dolphin said the company had dropped the earlier versions, Cellspray and Cellspray XP, designed by Prof Wood and used for survivors of the Bali bombings in 2002.

The Cellspray products were intended for larger areas of skin damage, but Dr Dolphin said Recell could be used for larger areas as well as the 320 square centimeters for which it was originally designed.

“This sort of technology changes the way people do things,” Dr Dolphin said. “Instead of cut and stitch it will be scrape and spray.”

Dr Dolphin rejected suggestions the company should partner with a major wound care company.

“I think this is a product and a company that can go. I’m genuinely excited by it. We wouldn’t even consider a deal at this point,” Dr Dolphin said.

Avita climbed 2.6 cents or 26.26 percent to 12.5 cents with 1.7 million shares traded.

CHEMGENEX

Chemgenex has raised $7.4 million in its one-for-14 rights issue and a further $1million in a placement taking the total raised by companies this year to more than $100 million.
Since January 1, 2009 a total of $104.05 million has been raised by biotechnology companies, taking the total since May 2008 to $237.3 million.
This does not include potential overlapping raisings by institutions of more than $200 million over the same period.
Chemgenex said the rights issue at 43 cents a share raised the maximum $7.4 million, with demand greater than the 17,122,453 shares available.
The company said it had completed an $1 million placement of 2,325,580 shares at 43 cents a share to a small number of institutional investors to partially satisfy the strong demand and reduce the amount of scale-back required for the rights issue top-up facility.
Chemgenex said that given the excess demand for new shares under the rights issue, a scale-back of requests for additional shares under the top-up facility would be implemented.
The company said investors might not receive the full amount of shares applied for under the top-up facility.
Holding statements are expected to be dispatched on May 29, 2009, which will confirm the number of shares allotted to each applicant.
The funds will be used to complete development and regulatory filings in the US and Europe for omacetaxine in chronic myeloid leukemia patients who have failed imatinib and who have the T315I mutation; discussions with pharmaceutical companies for marketing and distribution partners outside the US; and prepare for the US launch of omacetaxine.
The rights issue was underwritten by ABN Amro Morgans Corporate.
Chemgenex was up3.5 cents or 7.07 percent to 53 cents.

BENITEC

Benitec has raised a further $37,421 through shortfall share applications with a further 1,247,380 shares issued at three cents each and 1,247,380 options issued.
Benitec fell 0.2 cents or 5.9 percent to 3.2 cents.

BIOPHARMICA

Biopharmica says senior researcher Dr Louise Winteringham has received $50,000 from the Scott Kirkbride Melanoma Research Centre.
The company said Dr Winteringham would use the grant to lead a team at the Western Australian Institute for Medical Research investigating the tumor suppressor gene HLS5 and its potential influence in melanoma.
“We have already uncovered a role for HLS5 in leukemia and breast cancer and during that process we noticed that the gene also interacts with a number of key proteins involved in one of the known growth pathways associated with melanoma,” Dr Winteringham said.
“So far, we’ve found that HLS5 influences the levels of proteins affecting the growth of certain cancer cells, so we will now work to find out whether this is the case for melanoma,” Dr Winteringham said. “Ultimately, we hope to be able to pinpoint a target for correcting the defect that contributes to melanoma cell growth.”.
Biopharmica said it had exclusive rights to the tumor suppressor gene HLS5 and had been investing in the project since 2004.
Biopharmica was untraded at three cents.

NORWOOD ABBEY, NORWOOD IMMUNOLOGY

Norwood Abbey says its investee company Norwood Immunology has posted “a substantial” half year profit that will help Norwood Abbey’s return to ASX trading.
Norwood Abbey said Norwood Immunology “reported a substantial profit, flowing from the sale of its interest in Bestiwil Holdings and Virosome Biologicals”.
Norwwod Abbey said the investee company had declared a one penny special dividend and was “reviewing its future strategy, following disappointing results from the thymus clinical trials”.
The Australian listed company said Norwood Immunology was reducing costs and delisting from London's Alternative Investment Market was an option to further reduce costs.
Norwood abbey said Norwood Immunology’s main asset was a $5 million three-year 5% convertible note held in Mymetics Inc as well as “further significant conditional potential returns from milestone payments associated with the Virosome project”.
Norwood Abbey said it was “progressing its half year report” and expects to release it in June when it will request reinstatement to quotation on the ASX.
Norwood Abbey last traded at 0.6 cents.

MEDICAL THERAPIES

Sydney University’s substantial shareholding in Medical Therapies has been diluted to 9.1 percent following the recent placement (BD: April 17 and 22, 2009)
Sydney University holds 17,142,857 shares, which composed 13.1 percent of Medical Therapies prior to the placement.
Medical Therapies was untraded at three cents.

STIRLING PRODUCTS

Stirling Products says the Ukrainian botanical product Immunoxel has been approved in South Africa as a treatment adjuvant for tuberculosis and HIV.
Stirling said Immunoxel was also known in the Ukraine as Dzherelo and was classified under the complementary medicines category by South Africa’s Medicine Control Council.
The company said Immunoxel was also approved in Mongolia.
Stirling fell 0.1 cents or four percent to 2.4 cents with 2.1 million shares traded.