Biotech Daily

Thursday June 10, 2010

Daily news on ASX-listed biotechnology companies

*** ASX UP, BIOTECH FLAT: PHYLOGICA UP 7%, USCOM DOWN 9%**

*** AVITA'S 1st US PATIENT SHOWS RECELL SUPERIORITY**

*** HUNTER HALL INCREASES TO 44% OF FLUOROTECHNICS**

*** LIVING CELL, NZ GOVERNMENT PIG TISSUE PROJECT**

*** COGSTATE CREATES AXON FOR SPORTS CONCUSSION**

*** IM MEDICAL SETTLES MARK SCOTT EQUIPMENT DEAL**

MARKET REPORT

The Australian stock market was up 1.1 percent on Thursday June 10, 2010 with the S&P ASX 200 up 50.0 points to 4435.3 points.

Nine of the Biotech Daily Top 40 stocks were up, eight fell, 15 traded unchanged and eight were untraded.

Phylogica was the best, up 0.6 cents or 7.1 percent to 9.1 cents with 20,000 shares traded.

Cellestis and Cellmid climbed more than five percent; Nanosonics was up 4.8 percent; Virax rose 2.9 percent; with Chemgenex, Heartware and Pharmaxis up more than one percent.

Uscom led the falls, down four cents or 9.1 percent to 40 cents with 2,000 shares traded.

Sunshine Heart and Psivida both lost 5.88 percent, to 3.2 cents and $4.00 respectively; Living Cell was down 3.85 percent; Novogen shed 2.6 percent; with CSL and Resmed down more than one percent.

AVITA MEDICAL

Avita says its first US burns patient has shown demonstrably better recovery with the Recell spray-on skin wound therapy than the existing standard of care.

Avita said the patient presented at the Wake Forest University Baptist Medical Burn Center in North Carolina with burns on both arms and was treated on May 27, 2010 with burn sites arbitrarily labeled “A” and “B” as per the US Food and Drug Administration protocol.

The company said that under the protocol’s blinded randomization process, one site was assigned treatment with Recell, the other served as a control and was treated with split thickness skin graft, the current standard of care.

Avita said that at the seven-day follow-up, the patient had excellent results with the Recell graft site showing a 100 percent take and was fully re-epithelialized, meaning the treated wound was completely covered with new skin with no open areas or blisters.

In contrast, the control site had 75-80 percent take with 20-25 percent of the area having unhealed open interstices.

Avita said the Recell donor site was 100 percent closed and fully re-epithelialized whereas the control traditional graft donor site on the thigh remained open and slightly oozy with numerous bleeding spots.

The company said that in self-reporting of pain, the patient reported 0/10 pain at the Recell site and 10/10 pain at the traditional control site.

Avita chief executive officer Dr William Dolphin said: “We are very pleased but not surprised by the excellent outcome.”

“The Recell Spray-On-Skin technology offers great benefits to the patient and clinicians and has the potential to deliver significant cost savings to the healthcare system,” Dr Dolphin said.

Avita said that television network CNN filmed the procedure for a production describing new frontier products in regenerative medicine and would continue to follow patients treated with Recell.

Avita said that following FDA trial approval in December 2009 it had worked with each of the participating investigational sites to obtain institutional review board approval for the conduct of the study, requiring separate submission for each site.

The company said that detailed patient consent and data collection forms were required, material supplies for the study organized and data bases built and tested to accommodate input, review, retrieval and archiving of photographic and numeric data, but none could be done until after FDA protocol approval was granted.

“It is a long process and can be quite frustrating,” Dr Dolphin said.

“Because the field of regenerative medicine and cell-based therapies is so new, the FDA and ethical review boards are conservative in their approvals,” Dr Dolphin said.

“None-the-less, the entire process has now been completed at five key investigational sites and we have achieved the substantial US milestone of commenced enrolment and application of Recell,” Dr Dolphin said.

Avita was up three cents or 27.3 percent to 14 cents with 1.8 million shares traded.

FLUOROTECHNICS

Hunter Hall and associated companies have increased their substantial shareholding in Fluorotechnics from 12,869,971 shares (35.37%) to 20,869,971 shares (44.27%).

Hunter Hall said the shares were acquired in the company’s rights issue at 15 cents a share (BD: May 31, 2010).

Fluorotechnics was untraded at 13 cents.

LIVING CELL TECHNOLOGIES

Living Cell says it has begun work on an animal-derived therapeutics project with the New Zealand Government's investment promotion agency Investment New Zealand.

In a media release not posted to the ASX, Living Cell said the project was developed to jointly identify market opportunities for high quality by-products derived from its unused porcine tissue for additional medical applications, such as pig tendons for collagen and membranes for tissue repair, as well as biologics such as heparin.

Living Cell breeds unique bio-certified pathogen-free pigs derived from remote sub-Antarctic islands for its cell-based products, including Diabecell for the treatment of insulin dependent diabetes and NTCell for neurodegenerative diseases.

The company said its pig herds were free from viruses, bacteria and parasites and did not secrete porcine endogenous retroviruses.

Living Cell chief executive officer Dr Paul Tan said the company was "pleased to work with the New Zealand government in an area of common interest that fosters economic development for New Zealand and enhances the value of LCT's pigs".

The company said that given New Zealand's premier animal health status, Investment New Zealand, a division of New Zealand's Department of Trade and Enterprise, aimed to position New Zealand as the global location of choice for companies developing human therapeutics and biologics that required high quality animal-derived materials.

Living Cell fell one cent or 3.85 percent to 25 cents.

COGSTATE

Cogstate says it has partnered with an unnamed Portland Oregon-based investment group to create Axon Sports LLC to develop cognitive testing for sports concussion.

Cogstate said it would take a 50 percent stake in Axon Sports and exclusively licence its technology used to assess the cognitive condition of concussed athletes to Axon Sports for use in the North American market.

The company said it expected Axon Sports to launch a re-branded technology, based on Cogstate Sport in August 2010 and "focus on the delivery of products to both protect and train athlete's brains".

Cogstate said Axon Sports would initially provide baseline and after-injury tests to young athletes across North America.

The company said that further details on the joint venture partners and the revamped cognitive testing product, including branding and marketing details, would be released in August 2010.

Cogstate chief executive officer Brad O'Connor said his company was "very excited by this joint venture and the opportunities it will provide to health specialists and athletes in dealing with sports-related concussion injuries in North America".

Cogstate said concussion was a temporary disturbance to brain function caused by either a direct or indirect trauma to the brain through a blow to the head or whiplash, respectively.

Cogstate said the long-term effect of concussion among professional football players in the US National Football League had been the focus of several Congressional hearings and a number of US states have now legislated guidelines for the management of concussion for young athletes.

Cogstate said best practice guidelines acknowledged the use of computerized neuro-psychological assessment such as its Cogstate Sport system in the management of concussion was "the optimal approach to return-to-play decision making".

Cogstate was up 1.5 cents or 6.5 percent to 24.5 cents.

IM MEDICAL

IM Medical says it has agreed with the Mark Scott Group the terms and conditions of an equipment financing transaction.

IM Medical said that should the transaction be approved by shareholders it would save the company $1.09 million a year in operating cash flows and permit it to complete its acquisition of the Mark Scott Group radiology and imaging businesses.

IM Medical said shareholders last year approved the issue of up to 1,223,978,722 shares and up to 1,142,380,141 options exercisable at 0.35 cents as consideration for the purchase of the businesses (BD: Sep 10, 2009).

The company said that completion of the transaction was subject to conditions, most notably, the securing by the company of new equipment finance agreements for the equipment used in the businesses.

IM Medical said the Mark Scott Group agreed to an equipment financing transaction and the Mark Scott Group would permit IM Medical to use all of the equipment required for the businesses, on an exclusive basis, for the remainder of the term of the equipment finance agreements and leave in place their securities in connection with the existing equipment finance agreements.

IM Medical said the measures were a cash saving of $2.5 million.

The company said the Mark Scott Group and its associates would receive as consideration for the equipment financing transaction 1,600,000,000 shares of which 56 percent would be escrowed and subject to forfeiture if Mark Scott Group or Mark Scott did not comply with their payment obligations in relation to the equipment finance agreements.

The company said it was entitled to set-off certain remuneration otherwise payable to Mark Scott Group under ordinary service agreements and make payments direct to financiers on their behalf.

IM Medical was unchanged at 0.2 cents with 5.9 million shares traded.