# Biotech Daily

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*Daily news on ASX-listed biotechnology companies*

*** ASX UP, BIOTECH EVEN: PRANA UP 16%; ANTISENSE DOWN 40%**

*** BIOGUIDE BRIEF: OBAMACARE GOOD FOR OUR INDUSTRY**

*** TEVA DUMPS ANTISENSE'S ATL1102 FOR MS – 'JUST BUSINESS'**

*** NUSEP APPLIES FOR SPERMSEP CARTRIDGE AUSTRALIAN PATENT**

*** WEHI IDENTIFIES STRUCTURE OF INSULIN'S DOCKING POINT**

*** PHARMAUST TO RAISE $256k; DRILL FOR OIL OFF SICILY, TUNISIA**

*** IMMURON LOSES DIRECTOR ARIE NUDEL**

## MARKET REPORT

The Australian stock market climbed 0.34 percent on Wednesday March 24, 2010 with the S&P ASX 200 up 16.7 points to 4891.5 points.

Fourteen of the Biotech Daily Top 40 stocks were up, 15 fell, six traded unchanged and five were untraded. All the Big Caps were up.

Prana was best, up two cents or 16 percent to 14.5 cents with 259,700 shares traded, followed by Novogen up 7.1 percent to 45 cents with 11,500 shares traded.

Viralytics climbed 6.9 percent; Circadian and Living Cell were up more than four percent; Avexa, Bionomics, LBT, Nanosonics and Phosphagenics were up more than three percent; Psivida and Tissue Therapies rose more than two percent; with Acrux and Cochlear up more than one percent.

Antisense led the falls, down 1.9 cents or 40.4 percent to 2.8 cents with 34.3 million shares traded, followed by Benitec down 14 percent to 4.3 cents with 100,000 shares traded.

Patrys lost 6.25 percent; Chemgenex, Genetic Technologies and Phylogica fell more than four percent; Prima was down 3.45 percent; Sirtex and Universal Biosensors shed more than two percent; with Alchemia, Clinuvel, Heartware, Mesoblast and Starpharma down more than one percent.

# MARC SINATRA'S BIOGUIDE BRIEF: OBAMACARE

Obamacare, US President Barack Obama's health reform package is set to pump $US940 billion ($A1024 billion) into US Healthcare over the next 10 years.

This has got to be good for Australian medical life sciences, doesn't it?

More Americans covered by health insurance will mean more sales of Australian drugs (Acrux, Biota, CSL, Psivida, Sirtex) and medical devices (Cathrx, Cochlear, Compumedics, Impedimed, Nanosonics, Resmed), while new measures aimed at prevention, wellness and public health may help Australian producers working in those areas, such as cancer screening and other diagnostics (Cellestis, Genera, Sienna, Healthlinx).

Generic drug exporters have lost out with the shelving of a proposed crack down on anti-competitive behavior by drug companies which historically have paid other companies to keep their generic versions from the American market.

Drug makers, in general, will benefit from the closing of the current US Medicare prescription drug coverage gap, which is likely to mean more sales to recipients of Medicare.

The downside to this, of course, is that it is likely to reduce income for previously patented branded drugs that have been able to maintain high margins due to their branded nature. Ultimately, this must flow back to drug development.

Biologics (Circadian, Patrys) got some good news with a 12 year data exclusivity window, but the FDA will be looking for easier ways to bring generic biologics or bio-similars onto the market than currently exist.

Finally, Obama's plan is aimed at creating more competition in the healthcare space, the intention being primarily to drive down health insurance company margins, but it would be a fool who would think this won't flow into other areas.

It may even lead to a more efficient insurance landscape with fewer small insurers, making life a little easier for Australian chief executive officers wanting coverage for their new products

It is beyond the scope of this brief to provide a truly hard analysis of the coming US healthcare reforms with associated dollar figures.

Suffice to say, that I believe we are likely to see US healthcare become a significantly higher volume, slightly lower margin industry and this will have some knock on effects, but, at a guess, they probably won't be huge.

There will also be particular niche winners and losers as described above, but, again, I don't think the effects of the reforms will have a dramatic impact other than to increase the size of the world's largest health market.

**Marc Sinatra**
**Analyst**

## ANTISENSE THERAPEUTICS

Antisense says Israel's Teva Pharmaceutical Industries has decided to end further clinical development of ATL1102 for multiple sclerosis and end the licence agreement.

In 2008, Israel's Teva licenced Antisense's ATL1102 for multiple sclerosis in a potential $US100 million deal, paying an upfront fee of $US2 million (BD: Feb 11, 2008).

Four months later the two companies announced positive phase II data confirming the licencing deal (BD: Jun 30, 2008) and triggering a $US4 million payment to Antisense.

Today Antisense said Teva had determined that ATL1102 would "no longer be in line with Teva's preferred product profile".

Antisense said that business considerations or factors contributing to Teva's decision included issues with one of the long-term toxicological studies that might have required a repeat of the study, lengthening the development time and time to market of the drug in light of the competitive landscape.

Antisense chief executive officer Mark Diamond told Biotech Daily that he was disappointed with the decision given the success of the drug at phase II.

Mr Diamond said the cost of conducting a further toxicological study and the additional time delay to market seemed to be on of the main reasons for Teva's decision, along with the existence of competitor drugs like Tysabri which has had $1 billion worth of sales and Teva's own Copaxone.

Mr Diamond said the licence agreement allowed Teva to back out at any time and he said most licences included such provisions.

Mr Diamond said he hoped he would be able to obtain access to the toxicological data collected on ATL1102 by Teva.

Antisense's media release said the company was "disappointed with Teva's decision, particularly in light of the impressive efficacy observed in the phase II clinical trial [and would] evaluate its options with respect to further development of ATL1102 with key stakeholders including Isis Pharmaceuticals …[its] technology collaboration partner and the original developer of ATL1102".

The company said Isis also believed that the quality of the phase II trial results warranted consideration of the further development of ATL1102 and discussions were currently underway between the parties on possible paths forward.

Antisense said it would proceed as quickly as possible with this evaluation, it would require a full analysis of its options for ATL1102 and details of the licence termination.

Mr Diamond said that there were several major pharmaceutical companies working on treatments for multiple sclerosis.

Antisense fell 1.9 cents or 40.4 percent to 2.8 cents with 34.3 million shares traded.

## NUSEP

Nusep has lodged a patent application for the Spermsep cartridge with IP Australia (formerly the Australian Patent Office).

Nusep said the application related to a new design of the Spermsep disposable cartridge that eliminated any potential for cross-contamination and established a fully disposable cartridge system.

The company said the invention was also relevant to the Proteomesep and all other applications of its Prime separation technology making the technology useable in clinical and diagnostic applications.

Nusep said it would conduct a clinical trial using the cartridge following the current pro-rata rights issue with the first commercial sales by the end of 2010.

Nusep fell one cent or 4.4 percent to 21.5 cents.

## WALTER AND ELIZA HALL INSTITUTE

The Walter and Eliza Hall Institute says it has determined the structure of a previously unseen part of the insulin receptor, making possible new treatments for diabetes.
In a media release the Institute said the insulin receptor was a large protein on the surface of cells to which the hormone insulin binds.
The Institute said that insulin controlled when and how glucose was used in the body and understanding how it interacted with the insulin receptor was “crucial to the development of treatments for diabetes”.
WEHI said Australian scientists showed the structure of the major part of the insulin receptor in 2006 but the structure of a key segment to which insulin binds remained elusive.
The Institute said Dr Mike Lawrence, Dr Brian Smith, Dr John Menting, Dr Geoffrey Kong and Colin Ward from its structural biology division, together with colleagues from Ohio’s Case Western Reserve University and the University of Chicago, have worked out the molecular structure of this previously unseen region.
The research paper entitled ‘A tandem hormone-binding element in the insulin receptor: implication for design of peptide agonists’ is expected to be published this week on the US Proceedings of the National Academy of Sciences website (http://www.pnas.org).
Dr Lawrence said scientists had been trying for decades to work out how insulin interacts with the insulin receptor.
“You can’t work it out unless you have a view of the site to which the insulin binds, and that’s what we’ve done,” Dr Lawrence said.
“By understanding how insulin binds and transmits messages into the cell we will be in a better position to design compounds that mimic insulin and could be used to treat diabetes,” Dr Lawrence said.
The Institute said that as well as determining the three-dimensional structure of the insulin receptor, the team was also trying to work out the structure of the related type 1 insulin-like growth factor receptor, to which insulin-like growth factors bind.
“These structures are not currently known, despite their considerable importance and direct relevance to the design of new drugs for cancer, Alzheimer’s disease and diabetes - three of the most critical diseases facing Australia,” Dr Lawrence said.

## PHARMAUST

Pharmaust hopes to raise $254,707.87.through a non-renounceable one-for-two rights offer of 127,353,937 options at 0.2 cents per option.
Pharmaust said the options would have an exercise price of 10 cents and an expiry date of March 31, 2012.
The company said it expected to issue a prospectus in April.
In conjunction with the rights issue the company said it proposed to place 119,103,937 options, subject to shareholder approval at a meeting scheduled for April 2010.
Director and company secretary Sam Wright told Biotech Daily the funds were for working capital and were unrelated to plans to drill for oil and gas off Sicily and Tunisia.
Pharmaust said it would invest in to two contiguous offshore exploration permits, near Pantelleria Island southwest of Sicily in Italian waters and the Kerkouane permit located near northeast Tunisia, known collectively as the Lambouka oil and gas prospect.
Pharmaust said it would earn a 10 percent working interest in Lambouka.
Pharmaust fell 0.1 cents or two percent to 4.9 cents with 2.9 million shares traded.

IMMURON

Immuron says Arie Nudel will retire as a director.

The company said Mr Nudel was appointed a non-executive director in July 2005.

Immuron was unchanged at eight cents.