



Biotech Daily

Wednesday February 2, 2011

Daily news on ASX-listed biotechnology companies

- * **ASX UP, BIOTECH DOWN: STARPHARMA UP 6%; LIVING CELL DOWN 8%**
- * **CIRCADIAN'S 1st VEGF DIAGNOSTIC AVAILABLE IN US**
- * **RESMED CEO KIERAN GALLAHUE JUMPS SHIP FOR CAREFUSION**
- * **AVITA PASSES QUALITY AUDIT**
- * **EASTLAND SUBSIDIARY SCORES \$2.5m WA STERILE GAUZE CONTRACT**
- * **JAPANESE PATENT FOR MEDIGARD BLOOD COLLECTION DEVICE**

MARKET REPORT

The Australian stock market was up 0.93 percent on Wednesday February 2, 2011 with the S&P ASX 200 up 44.4 points to 4796.5 points.

Nine of the Biotech Daily Top 40 stocks were up, 13 fell, five traded unchanged and 13 were untraded.

Starpharma was the best, up 5.5 cents or 6.2 percent to 94.5 cents, with one million shares traded, followed by Genetic Technologies up five percent to 10.5 cents with 364,972 shares traded.

Impedimed and Prana climbed more than three percent; Pharmaxis, Phylogica and Sunshine Heart rose more than two percent; with Biota and Cochlear up more than one percent.

Living Cell led the falls, down one cent or 7.7 percent to 12 cents, with 1.2 million shares traded.

Benitec, Cellestis and Prima fell more than four percent; Cellmid, LBT and Mesoblast lost more than three percent; Alchemia, Resmed and Viralytics shed more than two percent; with Nanosonics down 1.23 percent.

CIRCADIAN TECHNOLOGIES

Circadian says the first diagnostic test using its vascular endothelial growth factor technology is available to test for lymphangioleiomyomatosis.

Circadian said that in conjunction with Cincinnati Children's Hospital Medical Center the lymphangioleiomyomatosis (LAM) diagnostic was offered as a laboratory test compliant with College of American Pathologists and US Clinical Laboratory Improvement Amendments regulations, an approved US regulatory pathway.

The company said the vascular endothelial growth factor-D (VEGF-D) blood-based diagnostic was the first able to test for lymphangioleiomyomatosis.

Circadian said the diagnostic was developed by Cincinnati Children's Hospital, using the VEGF-D technology, following the discovery that high levels of VEGF-D holds the key to detecting the disease.

The company said that lymphangioleiomyomatosis was "a serious lung disease that causes shortness of breath and lung collapse ... affects mostly women, often striking in their 30s or child bearing years and the only known treatment is a lung transplant".

Circadian said that although only a small number of patients had been diagnosed with the disease, the recent discovery of a link between lymphangioleiomyomatosis and the genetic abnormality, tuberous sclerosis complex (TSC), causing the disease, led scientists to estimate that more than 250,000 women worldwide were unaware they had it.

Circadian said that the availability of the test and increasing knowledge of the disease was predicted to increase screening, with the number of tests estimated to exceed 25,000 within the next few years.

Circadian chief executive officer Robert Klupacs said the collaboration with Cincinnati Children's Hospital achieved its goal of making a test available that offered straightforward and accurate identification of lymphangioleiomyomatosis, which to date had been difficult and expensive to diagnose.

"LAM is a serious but often misunderstood or misdiagnosed disease, which has a huge impact on the quality of life for the women it affects," Mr Klupacs said.

"We are confident that with greater awareness and the availability of this test that more women who show symptoms or who have the TSC gene will be able to have LAM diagnosed early and better manage their condition," Mr Klupacs said.

"It is the first product to emerge from our extensive VEGF technology portfolio, and hopefully the first of many, to become available from the range of diagnostics in development by Circadian and our partners," Mr Klupacs said.

"Diagnostics are an important part of Circadian's business that we are progressing in parallel to our drug discovery activity, as a source of early revenue and to complement our product portfolio," Dr Klupacs said.

Circadian said the findings of the diagnostic link between LAM and VEGF-D by the team of scientists at the University of Cincinnati and Cincinnati Children's led by Dr Lisa Young and Dr Frank McCormack, were published in the August 2010 edition of the journal Chest. The article is entitled 'Serum vascular endothelial growth factor-D prospectively distinguishes lymphangioleiomyomatosis from other diseases' and an abstract is at <http://www.ncbi.nlm.nih.gov/pubmed/20382711>.

Dr McCormack said the team was "optimistic that serum VEGF-D will join the ranks of diagnostic tests for lung disease, reduce the need for surgical lung biopsy and allow for intervention and trial recruitment earlier in the disease course".

Circadian said Cincinnati Children's Hospital had the rights to the diagnostic test for lymphangioleiomyomatosis in the US, but Circadian retained the rights to the rest of the world and was working towards approval in other markets.

Circadian was untraded at 65.5 cents, with 'bids' at 70 cents and 'asks' at 72.5 cents.

RESMED

Resmed directors says they were surprised over the weekend when chief executive officer and president Kieran Gallahue quit to join the San Diego based Carefusion.

Mr Gallahue's resignation was effective from January 28, 2011 and he has been replaced by executive chairman and founder Dr Peter Farrell as interim chief executive officer.

"Kieran's resignation came as a surprise but we wish him well," Dr Farrell said in a media release to the ASX.

Resmed said Mr Gallahue would not receive any severance benefits.

Resmed's website said Mr Gallahue was appointed the company's US president in 2002 and chief executive officer on January 1, 2008.

Carefusion said Mr Gallahue had been appointed its chairman and chief executive officer effective from February 1, 2011.

In a filing to the US Securities and Exchange Commission, Carefusion said Mr Gallahue would receive an initial annual base salary of \$US1,150,000 and a target annual bonus incentive of 120 percent of the annual base salary.

Carefusion said Mr Gallahue would receive a cash sign-on bonus of \$US650,000, which would be repaid if he voluntarily terminated his employment without good reason or if he was terminated for cause within one year.

Mr Gallahue would be granted a sign-on equity award of performance stock units based on a value of \$7.2 million, Carefusion said, considerably higher than his Resmed package. Resmed said Dr Farrell would continue as executive chairman and would begin the search for a replacement.

Resmed fell nine cents or 2.85 percent to \$3.07 with 15.7 million shares traded.

AVITA MEDICAL

Avita says it has ISO 9001:2008 quality management system certification for its class III medical devices and ISO 13485:2003 medical devices certification.

Avita said that in January 2010 its quality, manufacturing and management systems were audited for control of its portfolio of medical products including Recell spray-on skin and its respiratory products Funhaler and Breath-A-Tech by an independent, external auditor of the European notified body.

The company said that successful ISO recertification was a requirement for Conformité Européenne (CE) mark for its regenerative and respiratory products for sale within the European Union as well as a reference for registration in other countries.

Avita said it had "significantly improved the company's quality system during the past 12 months" and the upgrades were noted as well as a positive observation that the company has continued to enhance and improve performance.

Avita fell half a cent or 3.6 percent to 13.5 cents.

EASTLAND MEDICAL SYSTEMS

Eastland says wholly-owned subsidiary Westcoast Surgical and Medical Supplies has a \$2.5 million contract to supply sterile gauze products to the Western Australian Public Health Service.

Eastland said the contract runs for five years and was the first to be awarded of six under negotiation.

The company said that Westcoast Surgical was working within the public and private aged care sectors, resulting in steady growth in recent months.

Eastland was up 0.3 cents or 7.1 percent to 4.5 cents with 3.3 million shares traded.

MEDIGARD

Medigard says Japan has granted its patent application for its blood collection device providing protection until January 21, 2025.

Medigard said it had patents for its device in Australia and the US.

Medigard's chief executive officer Peter Emery said it was "a significant step in the commercialization of our blood collection device and represents a further major milestone in the company's progress".

"The Japanese market is one of the largest markets for blood collection devices and the granting of this patent will facilitate Medigard's first entry into the Asian market," Mr Emery said.

The company said its 1mL auto-retractable syringe had received the international preliminary report on patentability which concluded that all of the claims of the application were novel and inventive.

Medigard was unchanged at five cents.