



Biotech Daily

Tuesday March 1, 2011

Daily news on ASX-listed biotechnology companies

*** FEBRUARY BDI-40 DOWN 3.4%, ASX200 UP 1.6%**

- VIRALYTICS UP 47%; GENERA DOWN 36%

*** TODAY: ASX, BIOTECH DOWN: BIONOMICS UP 8%; ANTISENSE DOWN 11%**

*** AUSTRALIAN PATENT FOR IMMURON INFLUENZA PREVENTATIVE**

*** BONE, IM MEDICAL, SOLAGRAN SUSPENDED ON ACCOUNTS**

*** KARMELSONIX WISCONSIN HOSPITAL SERVICE AGREEMENT**

*** UNIVERSAL BIOSENSORS APPOINTS PAUL WRIGHT CEO**

MARKET REPORT

The Australian stock market fell 0.11 percent on Tuesday March 1, 2011 with the S&P ASX 200 down 5.3 points to 4826.4 points.

Twelve of the Biotech Daily Top 40 stocks were up, 20 fell, six traded unchanged and two were untraded.

Bionomics was the best, up three cents or 8.11 percent to 40 cents, with 155,375 shares traded, followed by Chemgenex up 7.1 percent to 45.5 cents with 359,589 shares traded.

Optiscan climbed 4.8 percent; Mesoblast, Prana, Psivida and Universal Biosensors were up more than three percent; Pharmaxis was up 1.2 percent; with Alchemia, Cellestis, Circadian, Resmed and Starpharma up by less than one percent.

Antisense led the falls, down 0.1 cents or 11.1 percent to 0.8 cents, with 2.4 million shares traded, followed by Sunshine Heart down 9.5 percent to 3.8 cents with 1.7 million shares traded and Cellmid down 9.4 percent to 2.9 cents with 1.6 million shares traded.

Phosphagenics lost 8.3 percent; Clinuvel, Compumedics and Living Cell fell more than seven percent; Genera was down 6.25 percent; Benitec was down 5.7 percent; Advanced Surgical, Nanosonics and Prima fell four percent or more; Acrux and Bioniche were down more than three percent with Genetic Technologies and Heartware down more than two percent.

BIOTECH DAILY TOP 40 INDEX (BDI-40)

The Biotech Daily Top 40 Index (BDI-40) slid 3.4 percent in February while the S&P ASX200 was up 1.6 percent.

Most of the fall was Heartware's \$185 million or 13.7 percent retreat from the previous month's record peak, but 22 companies fell while 15 were up and three were unchanged.

The BDI-40, which does not include the three Big Caps of Cochlear, CSL and Resmed, remained well ahead of the ASX200 for the 12 months to February 28, 2011, up 40.3 percent compared to the benchmark index up 4.2 percent for the year.

The three Big Caps fell 0.18 percent for the year to the end of February and were down 3.2 percent for the month, with CSL down 4.3 percent following a fall in half-year revenue and profits – despite the company spin that both were up if the figures were different. Cochlear was up 0.4 percent to \$4,386 million and Resmed fell 1.6 percent to \$4,773 million, both on record revenue and profits.

While Heartware lost \$185 million, Genera had the deepest percentage fall, down 35.5 percent to \$20 million, followed by LBT losing \$2 million or 25 percent to \$6 million on the absence of significant revenue from Biomérieux and Psivida falling 24 percent to \$73 million on news of non-significant 36-month Iluvien trial data. Cathrx fell 20.6 percent, followed by Living Cell (18.9%), Uscom (18.75%) and Biota (16.0%).

Viralytics was best, up 47.4 percent for the month to a market capitalization of \$28 million, followed by Antisense recovering 33.3 percent to \$8 million, Sunshine Heart (22.9%), Nanosonics (20.9%), Virax (20%), Starpharma (16.7%) and Optiscan (14.4%).

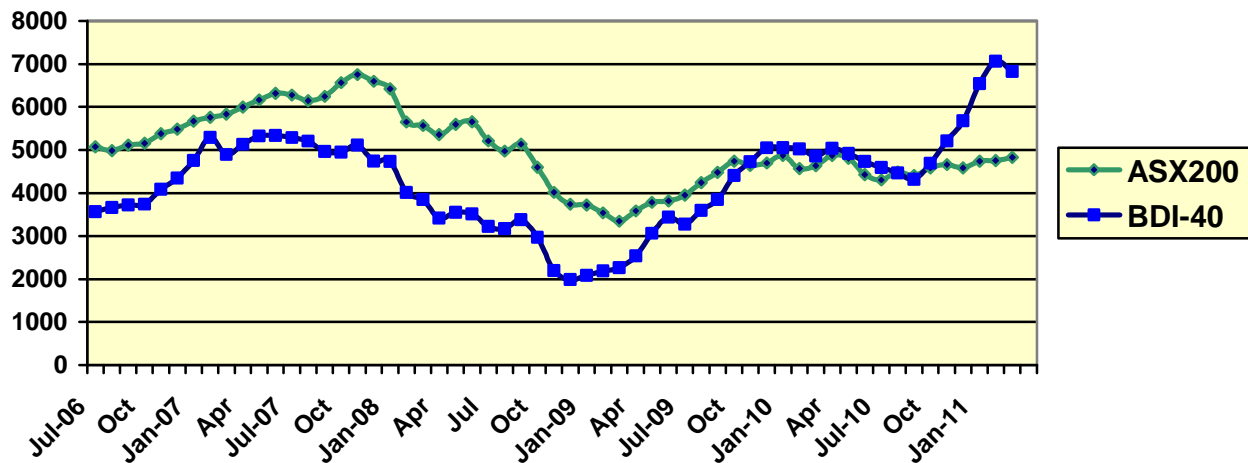
Biotech companies raised \$10.922 million in February.

Biotech Daily expected to make significant changes to the Second 20 to make way for several promising companies in the Third 20. Clinical trial news from Antisense, Benitec and Virax saved those companies from demotion. Taking all our Top 40 factors into account – interesting science, benefit to human health, board and management, likelihood to make a profit and market capitalization - left editor David Langsam and analyst Marc Sinatra debating the merits of many companies over several days. With a phase III bladder cancer treatment trial completed and another underway, the recently ASX-listed Bioniche has earned a place in the Top 40. While based in Canada, the news flow from Bioniche has been significant and directed at its Australian investor base.

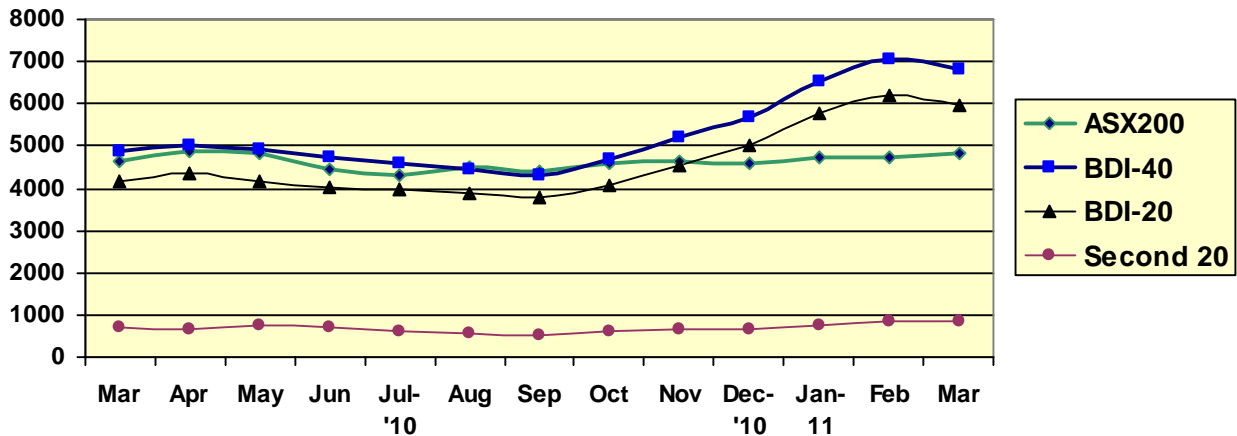
But the decision on which company would make way for it has been most difficult. Both Cellmid and Immuron have been struggling to develop their midkine and bovine colostrum technologies, respectively. Cellmid's diversion to hair growth potions is a big negative, but the board and management is impressive, especially the decision by Koichiro Koike to remain as a consultant. Immuron has a new chief executive officer with much promise in Joe Bains, good senior executives and a technology with third party validation from Israel's Hadasit, but in our opinion, the board that sets the company's direction is its weakest attribute and needs significant changes.

See charts below.

BDI-40 v ASX200 Jul 1, 2006 to Feb 28, 2011



BDI-40 v ASX200 Feb 28, 2010 to Feb 28, 2011



IMMURON

Immuron says Intellectual Property Australia has granted a patent for its influenza preventative product candidate, Imm-255.

Immuron said its influenza product had the potential to be “the world’s first orally administered product for mucosal protection against influenza viruses”.

The company said the safety profile of the product from Immuron’s bovine colostrum platform technology allowed for the potential acceleration to market.

Immuron said the patent entitled ‘Delivery of flu antibodies to surfaces in contact with air’ contained claims for treatment and inhibition of influenza infection by applying anti-influenza antibodies to oral and respiratory surfaces.

Immuron said its antibody approach could provide a broader protection against Influenza viruses as it was designed to cope with rapidly changing strains as viruses evolved.

The company said the patent provided protection to the year 2028 and was an important part of its objective to maintain proprietary value for its influenza program.

Immuron fell 0.3 cents or 3.85 percent to 7.5 cents.

BONE MEDICAL, IM MEDICAL, SOLAGRAN

The ASX has suspended 18 companies including three biotechnology companies for failing to lodge half-yearly reports and/or accounts for the period to December 31, 2010. Bone, IM Medical and Solagran were suspended for failing to lodge the information by the opening of the stock market today.

Solagran said it expected to lodge its report on or before March 3, 2011.

Bone last traded at 4.5 cents.

IM Medical last traded at 0.1 cents.

Solagran last traded at 10.5 cents.

KARMELSONIX

Karmelsonix says it has a service agreement with the Children's Hospital Physician Group, a division of Children's Hospital and Health System of Wisconsin.

Karmelsonix said the Children's Hospital Physician Group was an early adopter of its Wheezometer in the pediatric pulmonary specialist's office and the first medical provider to receive reimbursement payment from insurance providers.

The company said its Wheezometer was being used to spot check wheezing for bronchodilator evaluation and bronchial-challenge testing in the children's clinic.

Karmelsonix said that the agreement allowed the hospital group to use its Wholter testing service to verify symptoms and the patient's response to treatment, in the home environment as well as during daily activities.

The company said that using traditional testing methods, it was effectively not possible to obtain reliable information on the status of wheeze and cough during sleep.

Karmelsonix said the Wholter continuously recorded breath sounds throughout the night, exposing the symptoms of nocturnal asthma and cough, to determine the right treatment.

Karmelsonix chief executive officer Ross Haghighat said the agreement with a major US-based hospital group provided "clear validation of the clinical relevance of our products as seen by leading medical professionals".

Karmelsonix was unchanged at 1.8 cents with 3.1 million shares traded.

UNIVERSAL BIOSENSORS

Universal Biosensors has appointed Paul Wright chief executive officer, effective today.

Universal Biosensors said Mr Wright was chief executive officer of Vision Biosystems, the major subsidiary of Vision Systems, which develops, manufactures and markets diagnostic instruments and consumables and following the sale of Vision Systems to Danaher Corp, Mr Wright was retained to assist with the integration of Vision Systems.

From 1999 to 2006, Mr Wright was chief executive officer of product development consultancy Invetech and prior to that worked with TNT Logistics and Bain & Co.

The company said Mr Wright held a Masters degree in Aeronautical Engineering from the University of Cambridge, a Diploma in Production Methods & Management from the University of Cambridge and studied Corporate Finance at the London Business School.

Universal Biosensors said Mr Wright's fixed remuneration was \$400,000 per annum plus superannuation, with a performance-related bonus of up to 25 percent of salary and long term incentives, subject to shareholder approval, including 1,400,000 options vesting over three years; 500,000 options vesting when the company enters into a material partnership and/or licencing arrangement for a non-blood glucose product; and 400,000 options vesting on European or US regulatory approval for that test.

Universal Biosensors was up five cents or 3.7 percent to \$1.40.

BIOTECH DAILY'S TOP 40 WITH MARKET CAPITALIZATION

Company \$Am	Mar-10	Feb-11	Mar-11
Cochlear	3,607	4,369	4,386
CSL	20,083	20,268	19,391
Resmed	4,911	4,852	4,773
BDI-20			
Acrux	327	591	567
Alchemia	126	134	139
Bionomics	92	119	118
Biota	390	231	194
Cellestis	303	231	258
Chemgenex	193	142	120
Clinuvel	80	67	67
Genera	44	31	20
Heartware	603	1,347	1,162
Impedimed	79	119	119
Living Cell	50	37	30
Mesoblast	257	1,460	1,451
Nanosonics	128	182	220
Phylogica	19	22	21
Pharmaxis	569	600	566
Sirtex	326	315	314
Starpharma	177	215	251
Sunshine Heart	19	35	43
Tissue Therapies	31	91	94
Universal Biosensors	283	239	214
Second 20			
Advanced Surgical	10	12	11
Antisense	29	6	8
Benitec	15	20	18
Bioniche	82	164	159
Cathrx	20	34	27
Cellmid	10	12	11
Circadian	25	30	32
Compumedics	29	24	21
Genetic Technologies	15	42	40
LBT Innovations	9	8	6
Optiscan	9	7	8
Patrys	28	23	23
Phosphagenics	57	96	89
Prana	35	34	38
Prima	101	177	196
Psivida	67	96	73
QRX Pharma	98	170	182
Uscom	27	16	13
Viralytics	22	19	28
Virax	19	5	6

* Biotech Daily editor, David Langsam, owns shares in Alchemia, Bionomics, Biota, Chemgenex, Impedimed, Neuren, Optiscan, Sunshine Heart and non-biotechnology stocks. Through Australian Ethical Superannuation he has an indirect interest in Atcor, Circadian, Pharmaxis, QRX and Tissue Therapies. These holdings are liable to change at any time.

Biotech Daily can be contacted at: PO Box 5000, Carlton, Victoria, Australia, 3053
 email: editor@biotechdaily.com.au www.biotechdaily.com.au