



Biotech Daily

Wednesday March 16, 2011

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH UP: BENITEC UP 30%; ADVANCED SURGICAL DOWN 32%**
- * **PRANA: 'PBT434 WORKS UPSTREAM OF DOPAMINE IN PARKINSON'S'**
- * **JAPAN TRAGEDY NO IMPACT SO FAR ON BIOTA, CELLMID**
- * **PHOSPHAGENICS COMMITMENTS REACH \$7.1m**
- * **NZ FISHER FUNDS TAKES 5% OF PHARMAXIS**
- * **AUSTRALIAN ETHICAL BELOW 5% IN QRX; TAKES 68% PROFIT**
- * **MANIFEST CEASES SUBSTANTIAL IN FERMISCAN; NO COMMENT**
- * **FLUOROTECHNICS CHANGES BOARD FOR ACQUISITION**
- * **HYPERION TAKES 5% OF COCHLEAR**

MARKET REPORT

The Australian stock market recovered 0.65 percent on Wednesday March 16, 2011, with the S&P ASX 200 up 29.5 points to 4558.2 points.

Twenty of the Biotech Daily Top 40 stocks were up, seven fell, eight traded unchanged and five were untraded.

Benitec was best, up 0.7 cents or 30.4 percent to three cents, with 4.6 million shares traded, followed by Prana up 11.1 percent to 15 cents with 57,000 shares traded.

Living Cell and Phylogica both climbed 9.5 percent; Viralytics was up 7.9 percent; Cellestis and Clinuvel were up more than five percent; Cellmid, Mesoblast, Prima and QRX were up four percent or more; Heartware, Patrys and Tissue Therapies climbed more than three percent; Circadian and Starpharma rose two percent or more; with Alchemia, Genetic Technologies and Resmed up more than one percent.

Advanced Surgical led the falls, down 9.5 cents or 32.2 percent to 20 cents, with 20,000 shares traded, followed by LBT down 7.7 percent to six cents with 50,000 shares traded.

Impedimed fell 4.6 percent; Genera lost 3.7 percent; Sirtex shed 2.65 percent; with Biota and CSL down more than one percent and Cochlear down 0.9 percent.

PRANA BIOTECHNOLOGY

Prana says its PBT434 is neuroprotective and may have efficacy in Parkinson's disease, working upstream of changes in dopamine requirements.

Prana said the head of research Prof Robert Cherny presented data on PBT434 to the Conference on Alzheimer's and Parkinson's Diseases in Barcelona on March 12, 2011, entitled, 'PBT434: A Novel Neuroprotective Drug for PD'. The poster is available at:

<http://www.pranabio.com/downloads/Presentations/ADPD 2011 minus movies.pdf>.

Prana said that "unlike most other PD drugs on the market or in development today, PBT434 does not artificially manipulate levels of the neurotransmitter dopamine".

The company said dopamine controlled motor function and when the cells that produce dopamine, the substantia nigra, died, motor control and function were diminished.

Prana said that PBT434 worked upstream by preventing the initial cascade of substantia nigral cell loss and the subsequent loss of motor function.

Prof Cherny's presentation included data from three animal models and said PBT434 had a potent influence on iron, alpha-synuclein and the protein DJ-1 indicating a beneficial effect on etio-pathological pathways and suggesting disease modifying potential.

The presentation concluded that as PBT434 preserved nigro-striatal circuitry but did not target dopamine metabolism, it offered the potential benefit of delaying or extending the clinical life of dopamine-preserving agents.

Prana said PBT434 was derived from its library of metal protein attenuating compounds developed as neurologically active, brain penetrant, orally-available compounds targeting neuro-degeneration and the selection criteria required PBT434 be redox silent, provide neuro-protection and preserve motor function while the process of cell loss was underway.

Prana said that in Parkinson's disease, iron levels were abnormally elevated and there was a high level of oxidative stress which was an imbalance between the production of reactive oxygen species such as peroxide and free radicals and the body's ability to detoxify the free radicals or repair the damage produced by free radicals.

Prana said the levels of the protein DJ-1 were raised in Parkinson's disease and DJ-1 was believed to play an important role in reducing oxidative stress and its elevation in the substantia nigra was considered to be evidence of the body trying to defend itself from free radical toxicity.

The company said that mutations in the gene that encoded DJ-1 led to early onset of Parkinson's disease.

Prana said PBT434 elevated levels of DJ-1 in the substantia nigra to further protect it from oxidative stress and as the disease progressed, the oxidative damage led to the death of the dopaminergic neurons of the substantia nigra leading to symptoms, such as the loss of motor control, tremor and cognitive abnormalities.

Prana said that insoluble deposits of aggregated protein called alpha synuclein appeared, which in its un-aggregated form, were thought to play normal cellular functions, including the transportation of dopamine, but was associated with neuronal toxicity and degeneration when the protein aggregated to form the 'hallmark' Lewy Body deposits in neurons. Alpha-synuclein was primarily found in the cortex, hippocampus, cerebellum and importantly for Parkinson's disease, concentrates in the substantia nigra.

Prana said that the mechanisms for alpha-synuclein-observed neuronal toxicity were not well defined but it was thought to interfere with mitochondrial function and golgi transport and was known to aggregate in the presence of dopamine and iron.

PBT434's ability to reduce alpha-synuclein, promote the elevation of DJ-1 in the substantia nigra and promote the outgrowth of synaptic connections in the substantia nigra to restore motor function, potentially made it a potent neuroprotective drug.

Prana was up 1.5 cents or 11.1 percent to 15 cents.

BIOTA HOLDINGS, CELLMID

Biota and Cellmid are apparently the only two Australian-listed biotechnology companies with significant operations in Japan and both say they are unaffected at this stage.

Biota's has partnered with the Tokyo-based Daiichi Sankyo and chief executive officer Peter Cook told Biotech Daily that so far Daiichi Sankyo's operation had not been affected by the earthquake, tsunami and nuclear reactor failures.

Mr Cook said the Daiichi Sankyo staff had remained in the office overnight on Friday March 11, due to the collapse of the public transport system and made their way home the next day.

He said Biota was "very pleased to know that all our colleagues at Daiichi Sankyo were safe and sound".

Cellmid said it had a number of collaborations and partnerships in Japan, but was "not aware that any of its programs are affected at this stage".

Cellmid said its CK3000 trial at Kumamoto University on the southern island of Kyushu would continue to run as scheduled (BD: Nov 3, 2010).

The company said its Advangen hair loss products were manufactured in Chiba about 50km south east of Tokyo and the manufacturing facility was intact and production should not be affected.

Cellmid said its CS5000 trials were in preparation in Tokyo and were not expected to commence until late in 2011 and "at this stage there is no delay expected".

Cellmid said it had no laboratories or manufacturing facilities in Japan and its programs were conducted by partners or collaborators.

Cellmid said its advisers in Tokyo said that media reports of periodic, planned power outlets, petrol shortage and interrupted public transport were correct.

"It is the testament to the resilience of our Japanese colleagues that they have continued working under these difficult conditions," Cellmid said.

Cellmid said its board and staff wanted to express their heartfelt sympathies to the Japanese people, our friends and colleagues.

Biotech Daily supports these sentiments.

Cellmid was up 0.1 cents or four percent to 2.6 cents.

Biota fell 1.5 cents or 1.6 percent to 92.5 cents with 1.5 million shares traded.

PHOSPHAGENICS

Phosphagenics says it has commitments for \$7.1 million in its nine cents a share placement announced on March 14, 2011.

On March 14, Phosphagenics had commitments of \$5.6 million for 62.22 million shares and today the company said it had firm commitments for more than \$7.1 million for 79 million shares at nine cents a share.

Phosphagenics was unchanged at 11 cents with 4.1 million shares traded.

PHARMAXIS

New Zealand's Fisher Funds Management has become a substantial shareholder in Pharmaxis with the acquisition of 11,425,712 shares or 5.01 percent of the company.

The initial substantial shareholder notice said Fisher Funds had bought and sold Pharmaxis shares between September 11, 2007 and March 15, 2011 with a net total of 11,425,712 shares acquired for \$31,212,319 or an average price of \$2.73.

Pharmaxis was unchanged at \$2.31.

QRX PHARMA

Australian Ethical Trusts has ceased its substantial holding in QRX, taking an average 67.8 percent profit on its most recent investment.

Australian Ethical said that between December 3, 2010 and March 11, 2011 it sold 1,176,113 shares for \$1,686,056 or an average price of \$1.43 per share eight cents a share.

In November 2010, Australian Ethical bought 1,109,632 shares for \$944,917 or an average price of 85.2 cents a share.

In October 2010, Australian Ethical became substantial in QRX with 6,343,443 shares or 5.96 percent of the company, with its most recent transaction the acquisition of 2,556,298 QRX shares for \$2,284,565 or an average price of 89.4 cents share (BD: Oct 15, 2010).

Australian Ethical told Biotech Daily today, the company retained 6,253,137 shares or 4.92 percent of the company.

QRX was up six cents or 4.3 percent to \$1.47.

FERMISCAN

Manifest Capital Management has ceased its substantial holding in Fermiscan.

The Sydney-based Manifest Capital provided no details in the notice to the ASX which carried a facsimile address from a Dr Robert Hampshire of Sydney and was issued by Manifest director Adam Beesley.

Biotech Daily asked Mr Beesley whether Manifest had exited Fermiscan or had reduced below five percent.

Mr Beesley said he would provide no more information than was disclosed to the ASX.

Mr Beesley said "This conversation is going no further" and terminated the telephone call.

In its previous change of substantial shareholder notice in April 2009, Manifest reduced its holding from 15,407,650 shares (10.73%) to 8,106,291 (5.65%).

Manifest was one of the original investors in Fermiscan when it listed in October 2006.

Fermiscan has been in a suspension since October 28, 2009 and last traded at three cents.

FLUOROTECHNICS

Fluorotechnics says James Walker will retire as an executive director at the coming annual general meeting and the company has made changes to board roles.

Fluorotechnics chairman Richard Trevillion said that further to his letters in the annual report and accounts, interim accounts and prospectus, "the focus of the company is that of a strategic acquisition or acquisitions".

Mr Trevillion said he would be the company's chairman and managing director with Rick Taylor and Damian Pethica acting as executive directors.

Mr Trevillion said it was expected the changes would be temporary until the company executed an acquisition.

He said that once the process was completed, board roles would be altered "to ensure appropriate corporate governance and strategic direction commensurate to the business of the company".

Mr Trevillion said the board would seek external advice on the appropriate remuneration for the director roles reflecting the time and commitment necessary to ensure an appropriate acquisition is completed in a timely manner.

Fluorotechnics has been suspended from trading and last traded at 3.8 cents.

COCHLEAR

The Brisbane-based Hyperion Asset Management has become a substantial shareholder in Cochlear with the acquisition of 2,855,889 shares or 5.03 percent of the company. The initial substantial shareholder notice said Hyperion had traded the shares on behalf of 20 funds and superannuation accounts for about \$70 per share. Cochlear fell 72 cents or 0.92 percent to \$77.72.