



Biotech Daily

Wednesday March 2, 2011

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH DOWN:**
 - **ANTISENSE UP 12.5%; SUNSHINE HEART DOWN 11%**
- * **AUSBIOTECH WINS SUPPORT TO OPPOSE 'PATENT AMENDMENT BILL'**
- * **MHRI \$500-A-SEAT CELEBRITY BAKE-OFF FOR RESEARCH FUNDS**
- * **BONE APPOINTS PETER YOUNG CEO**
- * **BIOPROSPECT REQUESTS 'STRATEGIC INVESTMENT' TRADING HALT**
- * **NARHEX LOSES COMPANY SECRETARY MOURICE GARBUTT**
- * **KARMELSONIX TO LAUNCH WHOLTER ASTHMA MONITOR**
- * **PALLANE 'CORRECTIVE ANNOUNCEMENT'**

MARKET REPORT

The Australian stock market fell 0.48 percent on Wednesday March 2, 2011 with the S&P ASX 200 down 23.2 points to 4803.2 points.

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

Antisense was the best, up 0.1 cents or 12.5 percent to 0.9 cents, with 12.7 million shares traded, followed by Living Cell up 8.25 percent to 10.5 cents with 214,000 shares traded.

LBT climbed seven percent; Phosphagenics and Starpharma were up more than four percent; Benitec and Cochlear were up more than three percent; Psivida was up 2.2 percent; with Acrux, Cellestis, Mesoblast and Phylogica up more than one percent.

Sunshine Heart led the falls, down 0.4 cents or 10.5 percent to 3.4 cents, with 250,000 shares traded, followed by Genetic Technologies down 9.3 percent to 8.8 cents with 156,986 shares traded.

Viralytics lost eight percent; Prana and Virax were down more than six percent; Compumedics and Sirtex fell more than four percent; Nanosonics, Prima, Tissue Therapies and Universal Biosensors shed more than two percent; with Chemgenex and Heartware down more than one percent.

AUSBIOTECH

Ausbiotech has won broad support from the industry in its call for the Federal Parliament to reject the 'Patent Amendment (Human Genes and Biological Materials) Bill 2010'. Ausbiotech said signatories included Medicines Australia, Research Australia, the Walter and Eliza Hall Institute, Foursight, IVD (in vitro diagnostics) Australia, Osteoporosis Australia, the Federation of Australian Scientific and Technological Societies, IBM Com, The Institute of Patent and Trade Mark Attorneys of Australia and GBS Venture Partners. The letter said that "should the Bill become law the signatories hold grave concerns about the unintended consequences on the access of Australians to life-changing medicines and diagnostics, on the ability of scientists to conduct medical research in this country and on the future of the Australian biotechnology and medicines industry".

"Instead of addressing community concerns about access to innovative medicines and diagnostic tests, the Bill puts at risk such potentially life-altering products being available in a timely manner to anyone in Australia," the letter says.

The letter said that the identification of naturally-occurring biological material such as a gene was a discovery and not an invention.

"The existing law protects this difference by requiring patent applicants to provide substantive evidence about their technology in support of its novelty, utility and inventiveness," The letter said.

"Without reservation, supporters are in favor of the rigorous and consistent application of the patent system in this country, in relation to all technologies, to ensure the granting of high quality patents and the continued distinction between discovery and invention," the letter said.

The letter said the Bill's sponsors claimed its purpose was to "advance medical and scientific research and...cure human illness and disease...by enabling free and unfettered access to biological materials."

The letter of objection said that while the Bill was well-intentioned, it said the Bill's architects missed several fundamental points.

"There is no evidence to support the notion that patents stifle research or that there is currently anything other than free and unfettered access to biological materials among the Australian research community," the letter said.

"Far from advancing medical research, the ambiguous language of the Bill will seriously delay research progress by tying up parties in the courts for what could amount to years of legal debate and cost to determine what can and what cannot be patented," the letter said.

"Such uncertainty will surely be further disincentive to investors as it will drive up the costs of research," the letter said.

"It's also possible that such uncertainty coupled with the lack of investor confidence arising from the absence of patents for biological materials in Australia could spill-over into other parts of our economy and trigger real or perceived views of the country's sovereign risk," the letter said.

The letter of objection said the Bill would "not address the specific concern being expressed by the Australian public about access to diagnostic tests (eg: to the BRCA diagnostic test or to other potentially life-changing tests) because the patent for the test itself will still be allowable under the Bill".

The letter said the interests and needs of the public could be protected via existing provisions that already exist in law.

The letter said a review of these safeguards was needed followed by an effective legislative response to ensure the safeguards are readily-accessible and not cost-prohibitive if required.

VICTORIA MENTAL HEALTH RESEARCH INSTITUTE

Victoria's Mental Health Research Institute will hold a \$500 a seat 'culinary competition' to raise funds for research into illnesses such as depression and Alzheimer's disease.

The Institute said it was organizing the competition "pitting the best Sydney chefs against Melbourne's finest" on April 8, 2011 in Melbourne.

The MHRI said the New South Wales team would be captained by Matt Moran from Sydney's Aria restaurant and the Victorian team by Shannon Bennett from Melbourne's Vue de Monde restaurant.

The Institute said chefs appearing at the bake-off include Cory Campbell, Raymond Capaldi, Mark Best, Justin North and Guillaume Brahimi.

The MHRI said guests paying \$5000 for a table of 10 or \$6,500 for a front row table of 10 would see "Australia's top chefs fight it out right in front of their eyes and the rare opportunity to taste food from six of the country's culinary masters in one night".

The Institute said the judging panel included restaurateurs and food writers Jacques Reymond, Neil Perry, Larissa Dubecki and Terry Durack as well as guests.

For more information and to book tables contact the Mental Health Research Institute's Jo-Anne Morgan on +61 (0) 411 102 473 or email: events@mrhi.edu.au.

BONE MEDICAL

Bone says it has appointed the New York-based Peter Young as chief executive officer, effective today.

Bone said Mr Young was the chief executive officer and president of Ikano Therapeutics since April 2007 and prior to that was chief executive officer of Alphavax Inc.

The company said Mr Young was employed by various Glaxosmithkline entities for more than 10 years and served as vice-president of HIV and opportunistic infection at Glaxo Wellcome, where he was responsible for combined commercial and product development and oversaw a five-fold expansion of HIV portfolio sales in the 1990s.

The company said Mr Young was a director of the national Biotechnology Industry Organization and chairman of the North Carolina Biosciences Organization.

Bone said Mr Young holds a BA and a Master of Business Administration from Indiana University and the appointment was the first step in a plan to establish a US headquarters. Bone said that as a result of the appointment, La Jolla Cove Investors would increase its minimum monthly payment to \$US100,000 under the convertible note agreement for a six month period.

The company said Mr Young would start on a base rate of \$US96,000 a year to be reviewed to \$US240,000 a annum on completion of a capital raising of \$US6 million or more or a licencing agreement; or to a level consistent with US norms on completion of a capital raising other than from current shareholders of \$US20 million or more at a price of least 50 cents a share.

A performance bonus of up to \$US100,000 a year will be paid along with the entitlement to 1,000,000 options exercisable at 10 cents a share, expiring in three years from the date of issue, vesting at the expiry of 12 months continuous employment.

Bone said Mr Young would be entitled to a further 500,000 options on raising more than \$US5 million within six months and a further 250,000 options should the funds be raised at 40 cents or more.

The company said Mr Young would earn a 500,000 options by procuring a partnership with a large company to fund specified projects with a minimum of \$US5 million in up-front payments, along with 200,000 options for completing 12 months continuous employment.

Bone was untraded at 4.5 cents.

BIOPROSPECT

Bioprospect has requested a trading halt pending an announcement regarding “a strategic investment to be undertaken by the company”.

Trading will resume on March 4, 2011 or on an earlier announcement.

Bioprospect last traded at 1.8 cents.

NARHEX LIFE SCIENCES

Narhex says company secretary Mourice Garbutt has resigned.

In January 2011, Nicki Farley was appointed joint company secretary (BD: Jan 18, 2011).

Mr Garbutt is company secretary of Phosphagenics and provides secretarial services to other companies.

Narhex last traded at 1.6 cents.

KARMELSONIX

Karmelsonix says it will launch an Australian home-based overnight patient sleep and asthma monitoring business based on its Wholter devices.

Karmelsonix said the launch of the Australian Therapeutic Goods Administration-approved diagnostic device was expected to be completed within 90 days.

The company said that independent overnight clinical studies conducted with the Wholter device showed that a large number of patients with obstructive sleep apnea actually suffered from nocturnal asthma.

Karmelsonix said the finding led to it receiving American Medical Association codes allowing it to be reimbursed by third party insurers of up to \$350 for test per night.

The company said that on the basis of Wholter devices being used twice weekly for patient monitoring, annual revenues of more than \$30,000 a year per device were achievable.

Karmelsonix said there were 23 million asthmatic patients in the US.

Karmelsonix fell 0.1 cents or 5.6 percent to 1.7 cents with 16.6 million shares traded.

PALLANE MEDICAL

Pallane (formerly Dia-B Tech) says there were several errors in its update of February 23 2011 (BD: Feb 24, 2011).

The company said at that time that its “corporate mission” was assisted by a scientific advisory panel including Prof George Alberti, Prof Paul Zimmet, Prof Mark Cooper and Prof Frank Ng.

Today the company said it was not renegotiating employment contracts with the scientific team but would attempt to negotiate consultancy agreements with them.

In February, acting chief executive officer Pete Stafford said “all associated creditors have agreed to swap their debt position for an equity position in the company”.

Today Mr Stafford said “not all associated creditors ... agreed to swap their debt position for an equity position in the company”.

Pallane is in a voluntary suspension and last traded as Dia-B at 1.4 cents and following a consolidation Pallane was untraded at 28 cents.