



Biotech Daily

Friday March 4, 2011

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH UP: MESOBLAST UP 9%; USCOM DOWN 9%**
- * **TROUBLE AT ATEC, NEOPEC MILLS: DR PALMER, DR MOUNTFORD GO**
- * **BIOTECHS WIN \$2.3m OF COMMERCIALISATION AUSTRALIA'S \$13m**
- * **FEDERAL GOVERNMENT CALLS FOR PATENT STANDARDS SUBMISSIONS**
- * **ATCOR: '15-YEAR TAIWAN STUDY BACKS CENTRAL BLOOD PRESSURE'**
- * **ADVANCED SURGICAL SIGNS ORTHO GROUP SURGEONS**
- * **MESOBLAST JOINS S&P ASX300, WILSON HTM SLIPS FROM ALL ORDS**
- * **PRANA'S PROF ASHLEY BUSH WINS \$4m NHMRC FELLOWSHIP**
- * **NHMRC \$4m BRINGS PROF JOHN QUACKENBUSH TO BRISBANE**
- * **CBIO XTOLL JAPANESE PATENT GRANTED**
- * **JCP TAKES 5.1% OF RESMED**
- * **BIO-MELBOURNE BREAKFASTS ON FDA-BACKED DIAGNOSTIC APPS**

MARKET REPORT

The Australian stock market was up 1.2 percent on Friday March 4, 2011 with the S&P ASX 200 up 57.9 points to 4864.3 points. Fifteen of the Biotech Daily Top 40 stocks were up, 13 fell, eight traded unchanged and four were untraded. All three Big Caps were up.

Mesoblast was best, up 53 cents or 9.1 percent to \$6.33, with 2.1 million shares traded. Compumedics climbed 8.7 percent; Prana was up 6.9 percent; Sunshine Heart was up 5.9 percent; Heartware was up 4.9 percent; Bionomics, Impedimed, Nanosonics and Prima rose more than two percent; with Cellestis, Cochlear, Pharmaxis, QRX, Resmed, Sirtex and Tissue Therapies up more than one percent.

Uscom led the falls, down 2.5 cents or 9.4 percent to 24 cents, with 5,000 shares traded. Cellmid lost 6.25 percent; Benitec and Genetic Technologies were down more than five percent; Phosphagenics and Phylogica fell more than four percent; Optiscan and Patrys were down more than three percent; Alchemia, Living Cell and Universal Biosensors shed more than two percent; with Clinuvel down one percent.

AUSTRALIAN TISSUE ENGINEERING CENTRE, NEOPEC

Australian Tissue Engineering Centre business development officer Dr Buzz Palmer and Neopec chief executive officer Dr Peter Mountford have both departed their respective jobs, unexpectedly.

In a brief email Dr Palmer said today was his last day with the organization and that Dr Mark Santini had taken over as acting chief executive officer.

Informed sources have told Biotech Daily that Dr Mountford was effectively dismissed from his position last night.

Yesterday, Biotech Daily quoted a St Vincent's Hospital spokesman saying the future of Neopec was secure, but several sources continue to question this (BD: Mar 3, 2011).

"I can 100 percent guarantee that Neopec is not under threat," the spokesman said, yesterday and told Biotech Daily today: "The statement issued yesterday still stands."

Biotech Daily believes that all the staff at ATEC have been made redundant and that along with Dr Mountford they provided much of Neopec's research and business strength. Biotech Daily posed a series of questions to the Department of Business and Industry regarding the relationship between Australian Tissue Engineering Centre and the Bernard O'Brien Institute, which are believed to share a common board.

At the time of publication, the Department had been unable to respond.

COMMERCIALISATION AUSTRALIA

Innovation Minister Senator Kim Carr says 34 inventions, including a drug to treat learning and memory loss, have been awarded \$13 million in Commercialisation Australia grants.

"Commercialisation Australia helps our most innovative minds take their products to the market, creating opportunities for business and high-tech, high-wage jobs for Australians," Senator Carr said.

The media release said that in its first year of operation in 2010, Commercialisation Australia awarded a total of \$33.6 million for 88 projects.

In this round, seven grants worth \$2,291,445 were awarded to biotechnology projects.

Heard Systems was awarded \$50,000 for the commercial assessment of wearable medical electrodes for electrocardiograph, electroencephalogram and foetal and maternal monitoring applications;

Neural Diagnostics was awarded \$497,280 for Evestg an electronic mental health diagnostic system to validate biomarkers that distinguish between depression and bi-polar disorders within one hour;

New Vision Biotech was awarded \$250,000 for a process to manufacture chondroitin sulphate, a naturally occurring substance and a major component of cartilage. The funds will be used to test the commercial viability of an economical, natural, non-toxic, and environmentally friendly way to produce chondroitin sulphate using Commonwealth Scientific and Industrial Research Organisation-developed technology;

Medivations was awarded \$150,000 for the Coughstim respiratory medical device for people who can't cough effectively because they are vegetative, sedated, in pain or unconscious. Medivations said Coughstim used ultrasonic waves, applied externally to a patient's neck to stimulate a cough reflex;

Dr Siew Yeen Chai of the Florey Neuroscience Institute was awarded \$50,000 to develop a drug to treat learning and memory loss, especially in dementia patients.

Affinity Biosciences was awarded \$48,450 for an encapsulated protein display platform capable of rapidly evolving custom proteins, applicable to industrial enzyme production and the production of therapeutic antibodies.

Advent Pharmaceuticals was awarded \$1,295,715 to develop a dry powder inhaler.

FEDERAL GOVERNMENT

Innovation Minister Senator Kim Carr has called for submissions to raise the standard of intellectual property protection

A spokesman for the Department of Innovation said an exposure draft had been published for The Intellectual Property Laws Amendment Bill also known as 'Raising the bar' to bring Australian standards to world's best practice.

The spokesman said public comment was sought.

He said the exposure draft was not related to the 'Patent Amendment (Human Genes and Biological Materials) Bill 2010' currently before the Federal Parliament and opposed by a group of organizations led by Ausbiotech (BD: Mar 2, 2011).

In a media release, Senator Carr said a successful and sustainable economy needed a strong intellectual property system to protect the ideas of the future.

"These reforms will help ensure that Australia remains well placed to conduct research, to do business and to work," Senator Carr said.

"A robust IP system is essential to help generate jobs for Australians in the industries of the future," Senator Carr said.

"Australia has a rich history of innovation, from the ultra battery to the polymer bank note and the zero emissions house," Senator Carr said.

"It is critical that Australia reaps the benefits of future great ideas. That's why these reforms are so important," Senator Carr said.

The media release said that the main elements of the proposed reforms were raising patent standards to align with major overseas trading partners; reducing the time to resolve patent and trade mark applications; strengthening anti-counterfeiting measures; and making sure the patent system doesn't restrict research.

"These reforms will also make it easier for our overseas partners to continue to bring new technology to Australia," Senator Carr said.

For more information go to www.ipaustralia.gov.au.

ADVANCED SURGICAL DESIGN AND MANUFACTURE

Advanced Surgical says it will provide its manufactured and distributed prostheses to Sydney-based Ortho Group surgeons.

Advanced Surgical said it supplied the only Total Knee Replacement manufactured in Australia with 18 years of successful clinical history.

Advanced Surgical chief executive officer Dr Greg Roger said his company had "a long and successful history of working with orthopaedic surgeons to deliver excellent results for patients and to create new and innovative medical devices".

Dr Roger told Biotech Daily that the Ortho Group had surgeons throughout Australia.

Dr Roger said the contract value was confidential.

Advanced Surgical was unchanged at 29.5 cents.

MESOBLAST, HEARTWARE, IMPEDIMED, QRX PHARMA, ALCHEMIA, AVEXA, PROBIOTEC, WILSON HTM INVESTMENT MANAGERS

Standard & Poors has promoted Mesoblast into its ASX300 index.

Standard & Poors added Heartware, Impedimed and QRX to the All Ordinaries Index of Australia's 500 largest companies by market capitalization.

Demoted in the March 2011 quarterly rebalance were Alchemia, Avexa, Probiotec and Wilson HTM Investment Managers.

ATCOR MEDICAL

Atcor says a 15-year Taiwanese study has shown that non-invasive assessment of central blood pressure better predicted mortality than either brachial blood pressure or 24-hour ambulatory monitoring of peripheral blood pressures measured at the arm.

Atcor said the study results were published in an article entitled 'Central versus ambulatory blood pressure in the prediction of all-cause and cardiovascular mortalities' in the Journal of Hypertension (edition 29, 2011).

An abstract is at <http://journals.lww.com/jhypertension/pages/currenttoc.aspx>.

Atcor said the community-based study examined the blood pressure of 1,014 healthy participants in Taiwan over a median period of 15 years.

The company said the study concluded that central blood pressure measurement was "significantly predictive of all-cause mortality after adjustment for other cardiovascular risk factors in a multivariate model".

Atcor has developed the Sphygmocor non-invasive measure of central blood pressure.

The company said that in addition to brachial blood pressure and ambulatory monitoring, central pulse pressure outperformed standard risk markers such as age, sex, smoking, blood glucose levels and cholesterol ratios as a predictor of all-cause mortality.

Atcor chief executive officer Duncan Ross said the study "strongly confirms the results of earlier publications such as The Strong Heart Study but goes one step further with the addition of ambulatory blood pressure in the comparative analysis".

"Time after time, elevated central pressure has been shown to be a superior predictor of morbidity and mortality, associated with increased incidence of heart attacks, strokes and kidney disease," Mr Ross said.

"It has also been clearly demonstrated that drugs affect central and peripheral pressure differently," Mr Ross said.

"When identifying patients at risk and in managing drug therapies, it is crucially important to measure central blood pressure," Mr Ross said.

Atcor was unchanged at 10 cents.

PRANA BIOTECHNOLOGY, NATIONAL HEALTH AND MEDICAL RESEARCH COUNCIL

Prana Biotechnology says its co-founding scientist Prof Ashley Bush has been awarded a \$4 million National Health and Medical Research Council Australia fellowship.

Prana said the award was announced by Australia's Federal Minister for Mental Health and Ageing Mark Butler.

The company said the Australia fellowships were the "most prestigious award for excellence in the fields of health and medical research" recognizing researchers who tackle some of the biggest health issues facing society.

Prana executive chairman Geoffrey Kempler said the company was "thrilled for Prof Bush and congratulate him on this award".

"His work was peer-reviewed at the highest level and this government recognition underscores the effort by Prana to develop a library of metal protein attenuating compounds like PBT2 to treat neurodegenerative diseases," Mr Kempler said.

Prof Bush said the \$4 million grant would "allow us to extend our understanding of the underlying causes of neurodegenerative disease including how MPACs could work as therapies for diseases such as Alzheimer's and Huntington's, as well as the cognitive decline that can accompany the ageing process".

Prana was up one cent or 6.9 percent to 15.5 cents.

UNIVERSITY OF QUEENSLAND, NATIONAL HEALTH MEDICAL RESEARCH COUNCIL

The University of Queensland says Harvard's Prof John Quackenbush has been awarded a \$4 million Australia Fellowship by the National Health and Medical Research Council.

The University of Queensland said the fellowship would assist Prof Quackenbush's move from the Harvard School of Public Health and Dana-Farber Cancer Institute in Boston to the University of Queensland's Institute for Molecular Bioscience to study chemotherapy-resistant ovarian cancers.

The University said Prof Quackenbush worked on the Human Genome Project and has recently focused on using advanced computing methods to study women's cancers.

Prof Quackenbush said the Institute for Molecular Bioscience was "one of the world's leading biomedical research institutes, and will give me the opportunity to work with some of the world's leading scientists".

The university said Prof Quackenbush would team with the Institute's Prof Sean Grimmond, who is director of the Queensland Centre for Medical Genomics, the largest genome sequencing facility in Australia.

"Prof Grimmond and his team have developed technology to sequence ovarian cancers in unprecedented detail, providing the basic data we will need to better understand the molecular triggers behind the development of ovarian cancer and the evolution of chemo-resistance," Prof Quackenbush said.

"The next generation of therapies and standards of patient care will be developed by those most capable of interpreting the vast quantities of information now generated in medical research," Prof Quackenbush said.

CBIO

CBio says the Japanese Patent Office intends to grant the 'Chaperonin 10 Immunosuppression' core patent.

CBio said that granting the patent which included the composition of matter claim on lead product XToll for rheumatoid arthritis secured exclusive rights for XToll in Japan.

The company said the patent expiry date was November 2023.

CBio said the patent was either allowed or granted in the US, Europe and Japan, as well as Australia, New Zealand, India, China and Singapore and was under examination in South Korea and Canada.

CBio was up seven cents or 14.6 percent to 55 cents.

RESMED

JCP Investment Partners has become a substantial shareholder in Resmed with the acquisition of 77,783,435 shares or 5.07 percent of the company.

The initial substantial shareholder notice said the Melbourne-based JCP shares were held by National Nominees, JP Morgan Nominees, HSBC Custody Nominees and Cogent Nominees.

JCP's website says the company was formerly known as JF Capital "combining the art and science of investing" and managing \$6.4 billion.

JCP said there were mostly purchases and four sales of shares between November 3, 2010 and March 2, 2011.

The most recent purchase was 1,650,000 shares for \$5,100,049 or \$3.09 per share.

Most purchases were for more than one million shares at a time, while sales were of fewer than one million shares each.

Resmed was up four cents or 1.3 percent to \$3.18 with nine million shares traded.

BIO-MELBOURNE NETWORK

The Bio-Melbourne Network says the US Food and Drug Administration's approval of MIM Software's radiology application has changed the world of point-of-care diagnostics. The Network said the February 5, 2011 decision to approve the Mobile MIM Ipad application or "app" was the first by the US regulator and it available through the Apple computer company's application shop.

The Network said that its March 15 Bio-Breakfast would discuss the issues raised as a result of the FDA decision.

Bio-Melbourne Network chief executive officer Michelle Gallaher said there were "a legion of medical diagnostic apps in development".

"These apps include 'i-diagnostics' for life threatening tumors, sexually transmitted diseases, glucose meters, the list is growing every day," Ms Gallaher said.

"Although application developers may have the altruistic goal of providing consumers with better healthcare at a better price, they are often software companies, not biotechs and have little understanding about regulation and clinical governance," Ms Gallaher said.

The Network said that Innovative Technologies in Health & Wellness Inc president Dr David Lester and Phillips Ormonde Fitzpatrick Partner Alyssa Grabb would discuss the questions, threats and opportunities that the I-phone application technology platform offered traditional medical device and diagnostic developers.

The Network said the Bio-Breakfast would provide an insight into "a truly disruptive technology on the biotechnology playing field".

The breakfast will be held at Cinema 1, Australian Centre for the Moving Image, Federation Square, Corner Swanston and Flinders Streets, Melbourne.

Registration is from 7.0am.

For more information go to: <http://www.biomelbourne.org/events/view/171>.