



Biotech Daily

Friday April 8, 2011

Daily news on ASX-listed biotechnology companies

- * **ASX; BIOTECH UP: PHOSPHAGENICS UP 13%; CATHRX DOWN 15%**
- * **\$400m RESEARCH AXE THREAT; WEHI LEADS RALLY**
- * **PROF GEORGE FINK: 'CUTS ARE SCIENTIFIC, ACADEMIC VANDALISM'**
- * **FDA BLOCKS CSL, MERCK GARDASIL FOR ADULT WOMEN**
- * **NUSEP LAUNCHES NEW GELS; \$100 TO 1st RESEARCHER TO POST**
- * **ORBIS TAKES 89% PROFIT ON 756k QRX SHARES**
- * **CLINUVEL SAYS REPORTS MAY HAVE PUSHED PRICE 21%**
- * **HELICON APPOINTS LIVING CELL'S DR ROSS MACDONALD ADVISER**

MARKET REPORT

The Australian stock market was up 0.66 percent on Friday April 8, 2011 with the S&P ASX 200 up 32.5 points to 4940.6 points.

Eighteen of the Biotech Daily Top 40 stocks were up, 12 fell, six traded unchanged and four were untraded.

Phosphagenics was best, up 1.5 cents or 13.0 percent to 13 cents with 2.5 million shares traded, followed by Prima up 12.9 percent to 39.5 cents with 61.4 million shares traded and Optiscan up 12.2 percent to 5.5 cents with 162,658 shares traded.

Genera climbed 9.8 percent; Genetic Technologies rose 6.25 percent; Antisense was up 5.9 percent; Cellmid and Impedimed were both up 4.35 percent; Virax was up 3.85 percent; Alchemia, Sunshine Heart and Viralytics rose two percent or more; with Acrux, Bionomics, Circadian, Cochlear, CSL, and Pharmaxis up one percent or more.

Cathrx led the falls, down three cents or 15 percent to 17 cents, with 20,900 shares traded followed by Clinuvel down 4.55 percent to \$2.10 with 92,565 shares traded.

Heartware, Phylogica, Psivida and Starpharma lost more than three percent; with Nanosonics and Prana both down 2.13 percent.

WALTER AND ELIZA HALL INSTITUTE, FEDERAL GOVERNMENT

The group Discoveries Need Dollars has called for a rally for research funding in Melbourne on April 12, 2011.

Discoveries Need Dollars was initiated by the Walter and Eliza Hall Institute of Medical Research and supported by research institutes including the Ludwig Institute for Cancer Research, Baker IDI, the Burnet Institute, the Peter MacCallum Cancer Centre, the Monash Institute of Medical Research and the Leukaemia Foundation .

The campaign follows speculation that the Federal Government is planning to cut \$400 million research funding, but there has been no confirmation of the size of the cuts.

Health Minister Nicola Roxon said today that the 2011 Budget would be "difficult".

Ms Roxon told ABC Television News 24 that "I can't tell the research profession that they also won't have their money examined, but I'm not going to make announcements today".

"We take very seriously and very carefully any expenditure and any savings that are needed and the research profession have delivered enormous benefits into health," Ms Roxon said.

"Of course we want to make sure they continue to do their valuable work but they're not able to be protected," Ms Roxon said. "There's not a carve-out that says research spending should never be looked at."

Walter and Eliza Hall Institute director Prof Doug Hilton said "the future health of Australians would be undermined if the Federal Government cuts funding to medical research".

A WEHI media release said Prof Hilton's comments "follow Cabinet leaks that suggest the Australian Government plans to cut \$400 million from the National Health and Medical Research Council budget".

The NHMRC distributes the bulk of Australia's medical research funding and a \$400 million cut would destabilize Australian medical research, which was already under-resourced, with the NHMRC receiving \$715 million annually.

"If the government is softening up the community by raising the prospect of a \$400 million cut and expecting us to be grateful if the budget is cut by only \$200 million, they are sorely mistaken," Prof Hilton said.

"Anything less than the medical research budget being maintained, in real terms, will be met with bewilderment, anger and more voter disillusionment," Prof Hilton said.

Professor Hilton said any cut to medical research funding would delay or halt patient access to new treatments, diagnostics and preventive medicines; lead to the loss of medical research jobs and Australia's best scientists to overseas markets; increase Australia's healthcare costs; and undermine the long-term investment previous governments have made in large research programs.

He said budget cuts would devastate medical research, an industry already woefully underfunded.

"We will see great Australian minds leave the country for more fruitful overseas opportunities, where medical research is better valued," Prof Hilton said.

"Australia already struggles to compete internationally to draw and keep the best minds and most innovative research on its shores," he said.

"Our scientists have worked long and hard to establish Australia's international reputation as a hub for biomedical research and this will destroy their efforts by sending Australia back into the research Dark Ages," Prof Hilton said.

WEHI said that the demand for funding outweighed supply and in 2009, for every funded application, two were rejected despite being assessed as worthy of Government support. The rally will be at the Victoria State Library, Swanston Street, Melbourne at 1pm.

COMMENT: PROF GEORGE FINK

Former Victorian Mental Health and Research Institute director and Biotech Daily chief scientific adviser Prof George Fink says that a cut of \$400 million to Australian Government research funding "if enacted and implemented, is simply scientific and academic vandalism".

In a letter to the Federal Government, Prof Fink said Australia ranked among the lowest of OECD countries for research spend.

"The cut of \$400 million is equivalent to about 100 average to good-sized research project grants and will likely paralyze Australia's capacity to continue excellent research," Prof Fink said.

"Many of our brightest students already avoid scientific research as a career because of the uncertainty of sustaining a research career," Prof Fink said. "Our post-graduate and post-doctoral programs, already among the worst in the West, will collapse."

"We are making major research strides in cracking Alzheimer's disease, Parkinson's disease (MHRI), epilepsy (Brain Research Institute, Austin Health), malaria (WEHI), diabetes, metabolic syndrome and obesity (the Baker IDI) and in many other mental and systemic diseases," Prof Fink said.

"Australia has punched well above its weight, and certainly its research investment, for Nobel Prizes," he said.

"The development of the Cochlear bionic ear implant and Biota's Relenza for influenza are just two recent examples of discoveries made entirely at the academic research bench by Australian academic researchers that have been translated into relatively massive blue chips that reimburse the Australian taxpayer," Prof Fink said.

Biotech Daily agrees.

CSL

Merck says the US Food and Drug Administration has refused permission for its CSL-licensed Gardasil as a vaccine for human papillomavirus for adult women.

CSL did not make an announcement to the ASX on the refusal, nor had it posted an announcement on its website at the time of publication.

Merck said the FDA completed its review of Merck's supplemental biologics licence application for Gardasil for women aged 27-45 years, (potentially several million women). Merck said that the indication for adult women was not granted and instead, the limitations of use and effectiveness for Gardasil was updated to state that "Gardasil has not been demonstrated to prevent HPV-related [cervical intraepithelial neoplasia grade 2 or 3] or worse in women older than 26 years of age".

Merck said that end of study data from the clinical study evaluating the use of the vaccine in this age group was also added to the prescribing information.

The company said that in the US Gardasil was indicated for use in girls and young women aged nine to 26 years of age for the prevention of cervical, vulvar, vaginal and anal cancers caused by HPV types 16 and 18; genital warts caused by HPV types 6 and 11; and precancerous or dysplastic lesions caused by HPV types 6, 11, 16 and 18.

Merck said Gardasil was also approved in the US for use in boys and men aged nine to 26 years of age for the prevention of anal cancer caused by HPV types 16 and 18, for the prevention of anal dysplasias and precancerous lesions caused by HPV types 6, 11, 16 and 18, and for the prevention of genital warts caused by HPV types 6 and 11.

The company said Gardasil was approved in 123 countries with additional applications "under review with regulatory agencies in many more countries around the world".

CSL was up 49 cents or 1.34 percent to \$36.93 with 2.1 million shares traded.

NUSEP

Nusep says it launched two new gel products Max gel and Mini gel at the US Human Proteome Organization conference in Raleigh, North Carolina.

Nusep said over the last nine months it had invested about \$1.2 million developing and marketing the two new gel products and that in addition to enhanced separation qualities Nusep has created new gel cassettes that fitted the two most common gel tanks without the need for special adaptors, eliminating a significant sales hurdle and giving it unrestricted access to the \$US60 million gels market.

Nusep said precast gel customers would also benefit from convenience in using standard gel buffers (tris glycine); faster run times than competitors products; enhanced separation of proteins; time saving with two minute ultra violet visualization technology; and ease of storage at room temperature for 12 months.

Nusep said it had budgeted that the new gels would account for more than 75 percent of its gel sales by June 30, 2011.

Nusep executive chairman John Manus said his company had "the best-in-class product in the gels market".

The company said as part of this launch it had undertaken a novel promotion offering researchers \$100 if they post a run using the new gels on Nusep's recently launched Facebook page.

Nusep managing director Dr Hari Nair said that it was the company's "first foray into social media advertisement and early indications suggest it will out perform any previous Nusep marketing effort".

Nusep was untraded at 22 cents.

QRX PHARMA

Orbis Investment Management has reduced its substantial holding in QRX from 10,531,318 shares (9.90%) to 9,785,634 shares (7.77%).

Orbis said it sold the 745,684 shares for \$1,400,007 or an average price of \$1.61 a share. In November 2010, Orbis acquired 4,511,322 shares for \$3,832,427 in a placement at 85 cents a share.

QRX fell one cent or 0.6 percent to \$1.69 with one million shares traded.

CLINUVEL PHARMACEUTICALS

Clinuvel has told the ASX that analysts and media reports may have pushed its share price 21 percent.

The ASX said the company's share price rose from \$1.785 cents on April 6, 2011 to \$2.16, a 21.0 percent increase, on April 7, 2011, but did not note an increase in trading volumes.

Clinuvel said that apart from an April 6, 2011 report in the Australian Financial Review and a buy recommendation dating back to February 24, 2011 from analysts at Nomura Australia, it was not aware of any information it has not announced which, if known, could explain recent trading in its securities.

Clinuvel fell 10 cents or 4.55 percent to \$2.10.

HELICON GROUP

Helicon says it has appointed Living Cell chief executive officer Dr Ross Macdonald to its medical advisory committee.

Helicon said Dr Macdonald worked with Rod Tomlinson at Soltec Research and was instrumental in the sale of the business to Palo Alto-based Connetics Corp in 2001 for \$32 million.

The company said Dr Macdonald had worked in the pharmaceuticals industry for 22 years and was previously business development vice-president at the UK-based Sinclair Pharmaceuticals.

Helicon said Dr Macdonald joined Stiefel following that company's acquisition of Connetics in 2006, when he was Connetics' business development vice-president.

The company said Dr Macdonald was a director of Hatchtech and Telesso Technologies.

Helicon was up 0.1 cents or 3.1 percent to 3.3 cents.