



Biotech Daily

Tuesday May 17, 2011

Daily news on ASX-listed biotechnology companies

- * **ASX UP, BIOTECH DOWN: ANTISENSE UP 30%; LBT DOWN 17%**
- * **MONASH, CSIRO CREATE STEM CELLS FROM KIDNEY CELLS**
- * **AVITA PLACEMENT RAISES \$9m; SHARE PLAN FOR \$2m MORE**
- * **BENITEC RAISES \$8m FOR GENE SILENCING**
- * **PHOSPHAGENICS TO LAUNCH BODYSHAPER (AOP9604) AT MYER**
- * **BIOTECH WINS \$3m OF COMMERCIALISATION AUSTRALIA \$13m GRANTS**
- * **AUSTRALIA-INDIA FUND GRANTS \$5m TO 18 PROJECTS**
- * **ATCOR DIAGNOSTIC SHOWS CENTRAL PRESSURE HEART BENEFIT**
- * **HEALTHLINX, GARVAN COLLABORATE ON PROSTATE CANCER TEST**
- * **BIOMD TAKES 28% OF ALLIED MEDICAL**

MARKET REPORT

The Australian stock market climbed 0.73 percent on Tuesday May 17, 2011 with the S&P ASX 200 up 33.9 points to 4683.9 points. Twelve of the Biotech Daily Top 40 stocks were up, 17 fell, six traded unchanged and five were untraded. All three Big Caps were up.

Antisense was best, up 0.3 cents or 30 percent to 1.3 cents with 19.4 million shares traded, followed by Advanced Surgical up 15.4 percent to 30 cents with 5,000 shares traded and Phosphagenics up 10 percent to 16.5 cents with 7.3 million shares traded.

Benitec climbed 7.1 percent; Tissue Therapies was up 6.3 percent; Alchemia was up 5.3 percent; QRX was up 4.35 percent; Bioniche, Bionomics and Prima were up more than three percent; with Resmed and Starpharma up more than one percent.

LBT led the falls, down one cent or 16.7 percent to five cents with 60,000 shares traded, followed by Genetic Technologies down 10.4 percent to 21.5 cents with 1.5 million shares traded and Cathrx down 9.5 percent to 19 cents with 112,500 shares traded.

Psivida lost 8.9 percent; Sunshine Heart fell 7.3 percent; Impedimed was down 6.35 percent; Cellmid, Optiscan, Universal Biosensors and Virax were down more than three percent; Nanosonics and Prana shed more than two percent; with Biota, Clinuvel and Sirtex down more than one percent.

AUSTRALIAN STEM CELL CENTRE, MONASH UNIVERSITY, CSIRO

The Australian Stem Cell Centre says Monash University and the Commonwealth Scientific and Industrial Research Organisation have generated induced pluripotent stem cells from human kidney cells.

The Stem Cell Centre said the development could have wide-ranging benefits for the understanding and treatment of kidney disease, in particular genetic kidney disease.

In a media release, the Australian Stem Cell Centre said the team that made the cells was led by Monash University's Prof Sharon Ricardo and Prof Claude Bernard with the Commonwealth Scientific and Industrial Research Organisation's Dr Andrew Laslett and the Monash Medical Centre's Dr Peter Kerr.

The Centre said the group had shown for the first time that it was possible to take fully specialized human kidney cells and by over-expressing a combination of genes, reprogram the cells to an unspecialized, embryonic stem cell-like state.

Like embryonic stem cells, the kidney derived induced pluripotent stem (iPS) cells could be changed into any cell type or tissue type under the right conditions.

"This research is a critical stepping stone for the development of iPS cells from patients with genetic kidney disease which is one of the most common life threatening genetic conditions," Prof Ricardo said.

The Stem Cell centre said there was no treatment to prevent or slow genetically based kidney disease such as polycystic kidney disease.

"Initially the cells will be used to model and understand kidney disease, overcoming the current limitations to studying the disease in the laboratory and allowing us to understand kidney disease in a way we have never been able to before," Prof Ricardo said.

Dr Laslett said that creating iPS cells directly from kidney opened the door to the study of genetic kidney disease "where the genetic code for the disease was present only in the kidney cells."

"This technology will allow us to compare the genetic differences between the kidney iPS cells and control iPS cells that do not carry the disease mutation thereby increasing understanding of both normal and disease development in the kidney," Dr Laslett said.

Prof Ricardo said that induced pluripotent stem cells generated from polycystic kidney disease patients would "pave the way for more patient-specific stem cell options and in the long-term could be generated to correct the genetic defect identified in the cells".

The article 'Generation of Induced Pluripotent Stem Cells from Human Kidney Mesangial Cells' was published in the Journal of the American Society of Nephrology with an abstract at <http://jasn.asnjournals.org/content/early/2011/05/12/ASN.2010101022.abstract>.

The research was supported by the Australian Stem Cell Centre and the Alport Foundation Australia.

AVITA MEDICAL

Avita says it has raised \$9 million through the placement of 90 million shares at 10 cents a share and expects to raise \$2 million through a share purchase plan.

Avita said the record date for the share plan was May 16, 2011, it would open on May 20 and close on June 22, 2011 and was subject to shareholder approval.

Avita said the funds would be used to retire the La Jolla Cove convertible not draw down equity facility as well as support an expanded sales and marketing program for its Recell wound healing treatment.

The company said Wilson HTM was the lead manager for the over-subscribed placement, which was led by Australian Ethical Investments.

Avita fell three cents or 20 percent to 12 cents with 1.4 million shares traded.

BENITEC

Benitec says its fully underwritten \$8 million four-for-five renounceable rights issue closed oversubscribed.

Benitec said the offer included one free listed option for every four new shares issued and the company had issued 404,565,897 shares and 101,141,474 listed options with an exercise price of four cents and an expiry date of December 31, 2013.

The company said 100,160,982 options on the same terms would be issued to the sub-underwriters Patersons Securities which also acted as lead manager to the offer.

Benitec said it received rights issue acceptances for 302,716,126 shares, but shortfall applications left the remainder of the issue oversubscribed.

Benitec chairman Peter Francis said the response "reflects the major strides forward Benitec has made this year and is an overwhelming vote of confidence in Benitec's management and strategy by its shareholders".

"Demand for Benitec stock through the rights issue has been exceptionally strong, resulting in demand outstripping supply," Mr Francis said.

"Not only was there a very high proportion of entitlements taken up, but many shareholders applied for shares in excess of their entitlement," Mr Francis said.

Benitec chief executive officer Dr Peter French said that with the favorable patent rulings in the US and Europe, the funding "enables the re-launch of Benitec".

"We are now able to actively pursue a number of programs and corporate initiatives to progress our transformational gene silencing technology and drive the value of the company," Dr French said.

Benitec said the proceeds would enable further research and development of existing ddRNAi projects, including advancing its chronic cancer-associated pain program and drug-resistant lung cancer program to phase I/II and progressing the hepatitis B program to completion of preclinical and toxicology studies.

The company said the funds would also be used to pursue new opportunities in the licensing and collaboration of the Company's patent estate and the termination of the funding arrangement with La Jolla Cove Investors.

Benitec was up 0.2 cents or 7.1 percent to three cents with 6.6 million shares traded.

PHOSPHAGENICS

Phosphagenics says it will launch its Bodyshaper Cellulite Contour Crème product at the Myer Melbourne department store on May 20, 2011.

Phosphagenics said Bodyshaper used its tocopheryl phosphate mixture or TPM technology to deliver fat-reducing molecules into the skin.

The company said the product included the anti-fat peptide AOP9604 (formerly Metabolic's AOD9604) and two other lipolytic molecules, caffeine and forskolin.

Phosphagenics said the product release followed international trials during which women used the product for eight weeks.

The company said the trials "showed a marked reduction in the appearance of the cellulite at the application sites [of] up to 40 percent after four weeks and up 56 percent after eight weeks" (BD: Apr 11, 2011).

Phosphagenics said there was also improvement in skin elasticity and hydration and 90 percent of respondents said they perceived improvement in the visible appearance of their cellulite.

Phosphagenics was up 1.5 cents or 10 percent to 16.5 cents with 7.3 million shares traded.

COMMERCIALISATION AUSTRALIA

Innovation Minister Senator Kim Carr says 29 companies, entrepreneurs and inventors will share \$13 million in funding from Commercialisation Australia.

Biotechnology and related applicants won six of the awards totaling \$2,857,865.

In a media release Senator Carr's office said the recipients included an influenza test kit for pandemics, a bio-herbicide to counter an invasive weed and a livestock pest control system.

"This Government support gives firms the opportunity to capitalize on their good ideas, create opportunities for business and generate jobs that benefit Australians," Senator Carr said.

"Getting a product into the marketplace requires a complex mix of technical understanding, market insight and financial resources," Senator Carr said.

"Through Commercialisation Australia, the Government helps companies, entrepreneurs and inventors navigate these processes and take-up opportunities," Senator Carr said.

Senator Carr said the Federal Government had "renewed its commitment for Commercialisation Australia, allocating \$278 million over five years to the program".

The media release said that Commercialisation Australia would receive \$82 million annually thereafter and since it opened for business in January 2010 it had invested \$45 million in 115 projects.

Senator Carr said Australia's biotech industry was a big winner through Commercialisation Australia, with more than 30 successful biotech-related applicants receiving grants totaling more than \$13.1 million, almost 30 percent of funding allocated so far.

Aimedics was awarded \$1,938,000 for a monitoring system to reduce the risk of nocturnal hypoglycaemia.

Respiro was awarded \$270,093 for a rapid influenza test.

Dr Adel Al-Jumaily of the University of Technology Sydney was awarded \$50,000 for a technology converting heart rate into blood pressure and other vital signs.

Polyactiva was awarded \$250,000 to develop a drug-polymer for drug delivery.

Accentu8 was awarded \$300,000 for a new method of creating dentures.

Ozstar Therapeutics was awarded \$49,772 for a combination therapy for type 2 diabetes.

AUSTRALIA-INDIA STRATEGIC RESEARCH FUND

Innovation Minister Senator Kim Carr said 18 Australia-India collaborative projects have been awarded \$5 million under the Australia-India Strategic Research Fund.

Senator Carr said that with matching funding from the Government of India it was Australia's largest bilateral research fund, providing \$65 million over eight years from 2006-'07.

Grants have been awarded to 12 Australian universities and research institutes, including James Cook University, the CSIRO, the Victor Chang Cardiac Research Institute, the Australian National University, Melbourne University, the University of Western Australia and the University of Queensland.

A media release from Senator Carr said the projects included the development of a novel class of anti-cancer agents targeting the immune system; the design of malaria vaccines; developing methods for the production of omega-3 concentrates for functional foods, pharmaceuticals and food additives; with further projects in nanotechnology, marine and earth sciences, biomedical devices and implants and stem cells.

ATCOR MEDICAL

Atcor says that a study relying on its Sphygmocor diagnostic shows that selectively lowering central blood pressure led to a significant reduction in left ventricular mass. Atcor said that effectively meant a reversal of cardiac damage in high blood pressure patients.

The study, entitled 'Differential Effects of Nebivolol and Metoprolol on Central Aortic Pressure and Left Ventricular Wall Thickness' was published in the journal Hypertension and an abstract is at: <http://www.ncbi.nlm.nih.gov/pubmed/21536983>.

The company said that using its Sphygmocor non-invasive measure of central blood pressure and arterial stiffness, the study compared the effects of a year of treatment using nebivolol, a vasodilating beta blocker, with metoprolol, a non-vasoactive beta blocker, in hypertensive patients.

Atcor said patients were randomized into two groups receiving either nebivolol or metoprolol, and both brachial or measurement taken at the arm and central blood pressure measurements were recorded.

The company said that both groups showed a similar reduction in brachial blood pressure after one year, but only nebivolol lowered central blood pressure and only the nebivolol group showed significant reduction in left ventricular mass indices.

Atcor said that in the metoprolol group, left ventricular mass indices and central blood pressure were unchanged.

Atcor said that reductions in brachial pressure were similar in both groups, so central pressure measurement was key to identifying the positive effects of nebivolol treatment.

The company quoted the study authors saying: "It has been demonstrated previously that, compared with brachial [blood pressure], central [blood pressure] is a stronger determinant for left ventricular hypertrophy".

"Recent data from the Strong Heart Study also indicate that, in terms of reduction in left ventricular hypertrophy, it is more important to target central systolic than brachial [blood pressure]," the study said.

Atcor said the study also showed that brachial blood pressure failed to identify reductions in risk shown by central pressure measurement.

Atcor chief executive officer Duncan Ross said the study was "an important endorsement of the need to measure and manage central pressure".

Atcor fell half a cent or 3.3 percent to 14.5 cents.

HEALTHLINX, GARVAN INSTITUTE OF MEDICAL RESEARCH

Healthlinx says it will collaborate with the Garvan Institute of Medical Research to assess the effectiveness of Healthlinx intellectual property to target prostate cancer.

Healthlinx said the study would assess the expression of its proprietary biomarkers in plasma samples provided by the Garvan Institute and the relationship with chemotherapy and overall survival for sufferers of prostate cancer.

The company said the Garvan Institute was a world leader in biomedical research pioneering a range of studies into various widespread diseases.

Healthlinx said the Garvan Institute would provide relevant cases of plasma samples, both pre- and post-Docetaxel chemotherapy and the company would use its proprietary assays to determine plasma concentrations of its biomarkers, with the subsequent data passed back to the Garvan Institute to be analyzed.

Healthlinx said the initial study would begin in May 2011 and results should be known by October 2011.

Healthlinx was unchanged at 5.3 cents.

BIOMD, ALLIED MEDICAL

Biomd says it has acceptances for 3,577,012 Allied Medical shares (27.59%) in its takeover bid for the private company.

Biomd fell 0.3 cents or 6.25 percent to 4.5 cents.