



Biotech Daily

Friday May 6, 2011

Daily news on ASX-listed biotechnology companies

- * **ASX DOWN, BIOTECH UP: BENITEC UP 13%; SUNSHINE HEART DOWN 6%**
- * **WEHI, UNIVERSITY OF MELBOURNE IDENTIFY Kufs DISEASE GENE**
- * **HEARTWARE FIRST QUARTER REVENUE UP 68% TO \$18m; LOSS UP**
- * **CEPHALON TAKES 64% OF CHEMGENEX**
- * **HELICON DIRECTOR GRAEME BODEN RESIGNS**
- * **STIRLING APPOINTS JEREMY COCKS CEO, JOHN BOTTEN ADVISOR**

MARKET REPORT

The Australian stock market fell 0.23 percent on Friday May 6, 2011 with the S&P ASX 200 down 10.7 points to 4743.0 points.

Seventeen of the Biotech Daily Top 40 stocks were up, 13 fell, four traded unchanged and six were untraded. All three Big Caps were up.

Benitec was best, up 0.3 cents or 13.0 percent to 2.6 cents with 3.8 million shares traded, followed by Antisense up 11.1 percent to one cent with 30.3 million shares traded.

Genetic Technologies climbed 9.5 percent; Living Cell and Phosphagenics were up more than six percent; Bionomics and Phylogica were up more than four percent; Cellmid, Patrys, Tissue Therapies and Virax were up more than three percent; Resmed rose 2.4 percent; with Acrux, Cellestis, Clinuvel, Cochlear and Impedimed up more than one percent.

Sunshine Heart led the falls, down 0.3 cents or 5.9 percent to 4.8 cents with 713,112 shares traded.

Circadian and LBT fell more than four percent; Heartware and Prima lost more than three percent; QRX shed 2.4 percent; with Starpharma, Universal Biosensors and Virax down more than one percent.

THE WALTER AND ELIZA HALL INSTITUTE FOR MEDICAL RESEARCH

The Walter and Eliza Hall Institute and University of Melbourne have identified the CLN15 gene responsible for the rare and fatal hereditary brain disorder Kufs type A disease. In a media release the Walter and Eliza Hall Institute for Medical Research said the discovery would make it possible to diagnose the disease with a blood test rather than a brain biopsy.

WEHI said bioinformatics researchers Dr Melanie Bahlo, Katherine Smith and Catherine Bromhead worked with Austin Health neurologist and epilepsy specialist Prof Sam Berkovic and the University of Melbourne's Dr Todor Arsov and found that mutations in the CLN6 gene on chromosome 15 were the cause of inherited recessive Kufs type A disease.

The research paper entitled 'Kufs Disease, the Major Adult Form of Neuronal Ceroid Lipofuscinosis, Caused by Mutations in CLN6' was published in the May 5, 2011 edition of the American Journal of Human Genetics, with an abstract of the article available at: <http://www.cell.com/AJHG/abstract/S0002-9297%2811%2900145-5>.

WEHI said Kufs disease was a rare but fatal, hereditary neurodegenerative disease usually identified in early adulthood, affecting affects about one in 1,000,000 people. WEHI said symptoms resulted from a build-up of fat in brain cells that was toxic to the cells, causing epilepsy, dementia, impaired motor function and intellectual deterioration. Prof Berkovic, who is also the head of the Epilepsy Research Centre at the University of Melbourne said that identification of the CLN6 gene would enable more efficient and much less invasive techniques for earlier diagnosis of Kufs disease.

"Currently, the only way that we can reliably diagnose this disease is to do an invasive and dangerous brain biopsy, or at autopsy," Prof Berkovic said.

"The discovery of the gene at the root of Kufs type A disease will enable us to use a rapid and simple blood test to genetically test for the disease," Prof Berkovic said.

"It will also give us the ability to screen for the disease in people in at-risk families, and make it possible for genetic counseling, which we already know to be very important for patients," Prof Berkovic said.

WEHI said that Dr Bahlo and Ms Smith used data generated from DNA, called single nucleotide polymorphism (SNP) genotyping and when combined with mathematical and statistical analysis, helped identify the region in the human genome likely to contain the DNA error that caused Kufs disease which led to discovery of the gene mutations.

"The genetic cause of Kufs disease has remained a mystery for over 25 years, because the rarity of the condition meant that our patient groups were so small we couldn't reliably pinpoint any particular genetic mutations that caused their disease," Dr Bahlo said.

"In this study, we used an innovative suite of highly specialized techniques and statistical algorithms that compensated for the small sample size and allowed us to look at the entire genetic code of people with Kufs disease to find which region of the DNA had the mutation which caused disease," Dr Bahlo said.

Prof Berkovic said the best possible outcome from the study would be the development of a treatment for Kufs disease, which was untreatable and invariably fatal.

"The general aim and hope of this work is always to be able to use the discovery to translate to a treatment, but this is still some time away," Prof Berkovic said.

Prof Berkovic said the collaboration with Dr Bahlo's bioinformatics group produced several exciting results in a short time, including a number of important outcomes for epilepsy sufferers, with the genetic basis for four epilepsy-related diseases discovered in the past four years.

Dr Bahlo said that the study could help find the genetic cause of other hereditary diseases including other epilepsy-related diseases, deafness and some familial cancers.

HEARTWARE INTERNATIONAL

Heartware says revenue of \$US17,975,000 for the three months to March 31, 2011 was a 68 percent increase over the \$US10,703,000 for the three months to March 31, 2010.

The company said the net loss after tax increased from \$US4,544,000 to \$US9,431,000 with research and development costs up from \$US4,756,000 to \$US9,300,000 while selling costs and administration rose from \$US4,556,000 to \$US8,664,000.

Heartware said the company generated its second highest non-US sales for its ventricular assist device, with 134 pumps sold.

Heartware chief executive officer Doug Godshall said the non-US market was 65 percent of the company's revenue for the three months, but US revenue was up 133 percent from \$US2.7 million to \$US6.3 million.

Heartware fell seven cents or 3.7 percent to \$1.83 with 3,750 shares traded.

CHEMGENEX

Cephalon appears to have increased its acceptances for its Chemgenex takeover bid from 177,245,702 shares (56.53%) to 202,168,837 shares (64.48%).

In two director's interest statements accepting the Cephalon offer, GBS Venture Partners managing partner Dr Geoff Brooke said he had sold 21,942,255 shares, 2,736,065 listed options and 250,000 unlisted options and Stragen Pharma chief executive officer Jean-Luc Tetard said he had sold 2,980,880 shares and 250,000 unlisted options.

At the time of publication Cephalon had not published an updated substantial shareholder notice.

Cephalon previously said it had received acceptances for 6,608,565 listed options (60.36%) and the sale of the GBS options takes the Cephalon holding to 9,344,630 or 85.34 percent of the listed options.

The bid is conditional on receiving 90 percent of shares and options and trading over the past fortnight appeared to be from one buyer acquiring or attempting to acquire more than 10 percent of the listed options.

Cephalon can remove conditions at any time.

The listed options, exercisable at 68 cents, expire in February 2012.

Chemgenex was up half a cent or 0.7 percent to 69.5 cents with 1.3 million shares traded.

STIRLING PRODUCTS

Stirling says it has appointed Jeremy Cocks as its chief executive officer-designate.

Stirling said Mr Cocks had expertise in the pharmaceutical animal health sector and had sales, marketing and management experience in Australia, the US and the UK.

The company said Mr Cocks was previously the head of marketing and technical services at Novartis and previously was a director of Pfizer where he headed new products marketing and business development.

Stirling said the appointment would be formalized by June 6, 2011 and was subject to a probationary term of three months and board approval.

The company said it had appointed the UK-based John Botten as an advisor and consultant.

Stirling said Mr Botten had worked for IBM for 31 years including 12 years as a director and four years at IBM's European headquarters in France as the product director responsible for marketing IBM's large systems and was formerly chief operating of Spring Group Plc and was a director of the UK Forensic Science Service.

Stirling was up 0.1 cents or 33.3 percent to 0.4 cents with 8.2 million shares traded.

HELICON GROUP

Helicon says company secretary Graeme Boden has resigned as a director.
Mr Boden is also the company secretary fro Phylogica.
Helicon was untraded at 3.2 cents.