



Biotech Daily

Friday February 17, 2012

Daily news on ASX-listed biotechnology companies

- * **ASX UP, BIOTECH EVEN: PRIMA UP 11%, BIONICHE DOWN 17%**
- * **WEHI CELL SIGNAL RESEARCH FOR BLOOD DISORDER TREATMENTS**
- * **HEARTWARE REVENUE UP 50% TO \$77m, LOSS UP 87% TO \$40m**
- * **PATRYS HIRES DR YOSHIMOTO, CSL OPTIONS LAPSE**
- * **NAOS TAKES 7.6% OF PATRYS, HOLDER MYSTERY CONTINUES**
- * **REVA ENROLS 1st EUROPEAN STENT TRIAL PATIENT**
- * **LIVING CELL PLEADS SCHULTZ TO ASX 38.5% QUERY**
- * **MEDICAL DEVELOPMENTS APPOINTS R CEGLA GERMAN DISTRIBUTOR**
- * **BIO-MELBOURNE WORKSHOPS BIO-ANIMATION**
- * **SCOTT RICHARDS TAKES THE HELM AT MAYNE PHARMA**

MARKET REPORT

The Australian stock market recovered 0.33 percent on Friday February 17, 2012 with the S&P ASX 200 up 14.0 points to 4195.9 points. Twelve of the Biotech Daily Top 40 stocks were up, 12 fell, 12 traded unchanged and four were untraded.

Prima was the best on an investor newsletter, up two cents or 10.8 percent to 20.5 cents with 36.1 million shares traded.

Patrys climbed 8.6 percent; Mesoblast and Pharmaxis were up more than five percent; Neuren and Sirtex climbed four percent or more; Heartware and Optiscan were up more than three percent; Biota and Phosphagenics rose more than two percent; Bionomics and QRX were up more than one percent; with CSL up 0.7 percent.

Bioniche led the falls, down 12 cents or 16.7 percent to 60 cents, with 10,000 shares traded.

Sunshine Heart lost 7.9 percent; Antisense, Starpharma and Viralytics fell more than four percent; Alchemia and Genetic Technologies were down more than three percent; Acrux, Cathrx, Phylogica and Tissue Therapies shed more than two percent; Cochlear and Impedimed were down more than one percent; with Resmed down 0.4 percent.

WALTER AND ELIZA HALL INSTITUTE FOR MEDICAL RESEARCH

The Walter and Eliza Hall Institute says research has uncovered more details on how cell signaling is controlled in the immune system, identifying potential targets for treating severe blood disorders.

The Institute said Dr Jeff Babon and Prof Nick Nicola from its structural biology and cancer and haematology divisions studied interactions between internal cell signaling proteins Janus kinases (JAKs) and suppressors of cytokine signaling (SOCS).

Dr Babon said the proteins were essential for blood system maintenance and immune responses.

"JAK proteins are activated in response to blood cell hormones called cytokines and instruct immune cells to respond to infection and inflammation," Dr Babon said.

"SOCS proteins were discovered at the institute in the early 2000s and provide a necessary negative feedback response that stops JAKs becoming overactive, which can lead to disease," Dr Babon said.

Dr Babon said mutations in JAK2 were strongly associated with the development of myeloproliferative diseases.

"When JAK2 is mutated, it tells cells to continually multiply," Dr Babon said. "An excessive amount of blood cells of one type are produced and the bone marrow is overrun, leading to problems with production of other cell types, and eventually bone marrow failure."

The Institute said myeloproliferative diseases, such as polycythemia vera and essential thrombocytopenia, were serious blood disorders in which an excessive number of blood cells accumulate in the bone marrow.

The Institute said the disease could be very severe and sometimes fatal and could progress to acute leukaemias.

WEHI said that in a study published in the journal Immunity, Dr Babon and Prof Nicola, with colleagues Dr James Murphy and Dr Nadia Kershaw, reported on a key discovery about how the proteins JAK2 and SOCS3 interact.

"SOCS3 is a key inhibitor of JAK2 proteins in blood and immune cells, but we didn't know exactly how the two proteins interacted to suppress JAK2 function," Dr Babon said.

"We wanted to identify which site the SOCS3 protein bound to on the JAK2 protein to inhibit its action and were surprised to find that SOCS3 binds to a unique site on JAK2 and directly inhibits the protein, rather than outcompeting other molecules," Dr Babon said.

Dr Babon said the finding could inspire a new class of therapeutic agents for treating myeloproliferative diseases.

"The SOCS3 binding site is a previously unknown part of the JAK2 protein which could be exploited as a drug target, with greater specificity than other drugs that are currently in clinical trials for inhibiting JAK2," he said.

HEARTWARE

Heartware says that revenue for the 12 months to December 31, 2011 was up 50.0 percent to \$US82,764,000 (\$A76,841,610) compared to the previous year.

Heartware said the net loss after tax for the 12 months was up 87.3 percent to \$US55,055,000 (\$A51,096,470).

Heartware chief executive officer Doug Godshall said the results "reflect increasing confidence in the HVAD System, as sales of the Heartware Ventricular Assist System increased to 932 units worldwide, nearly a 50 percent increase over 2010".

"In the fourth quarter, we sold 266 pumps, the largest number in any quarter to date," Mr Godsall said.

Heartware was up six cents or 3.2 percent to \$1.95.

PATRY'S

Patrys says it has appointed Dr Masafumi Yoshimoto of Pharma BDL LLC to assist with the out-licensing of its gastric cancer antibody, PAT-SC1.

Patrys said that "given that gastric cancer has a significant incidence in Asian populations, the licensing campaign will initially focus on Japan and South Korea".

The company said Dr Yoshimoto had experience in the biopharmaceutical industry in Japan including 10 years as head of licensing and business development at Daiichi Sankyo Co.

Patrys said that the option period for the four antibodies covered by the company's early stage discovery agreement with CSL recently expired bringing an end to the arrangement. Patrys said it had advanced its collaboration programs with an academic partner to assist in further understanding the binding of its lead clinical candidate PAT-SM6.

The company said it had established a collaboration with Prof Nicolle Packer's team and the Australian Proteome Analysis Facility based at Macquarie University.

Prof Packer was previously co-founder of Proteome Systems (later Tyrian Diagnostics), which generated diagnostic products using proteomics technology.

Patrys said the project would investigate the role of glycoproteins in the binding of Patrys' antibodies.

Patrys was up 0.3 cents or 8.6 percent to 3.8 cents.

PATRY'S

Patrys says Naos Asset Management has increased its shareholding to 27,469,555 shares or 7.6 percent of the company.

Patrys said the shares were held by Citicorp Nominees with "a proportion of these shares are ... held by Citigroup Global Markets acting as prime broker under a securities lending agreement which includes an obligation to return them".

Citigroup has generated a series of ceasing and becoming substantial shareholder notices this month regarding a shareholder with about six percent of Patrys (BD: Feb 15, 2012).

Naos managing director Sebastian Evans told Biotech Daily that he had not moved any Patrys shares for "months".

REVA MEDICAL

Reva has enrolled the first European patient in its 'Restore' pilot study of the Rezolve drug-eluting bio-resorbable coronary stent trial.

The company enrolled the first patient in the 50-patient trial in Sao Paulo, Brazil in December 2011 (BD: Jan 22, 2012).

Reva said that 10 sites in Germany, Austria and Poland were collaborating with Sao Paulo-based principal investigator Dr Alexandre Abizaid to enrol patients and the first Gemran implant was performed by Klinikum Coburg's Prof Johannes Brachmann.

"During the procedure, the Rezolve device was easily deployed and was clearly visible," Prof Brachmann said. "The implantation of the Rezolve scaffold resulted in excellent restoration of full blood flow through the artery."

Reva said that trial data would become available as patients passed the one-month and six-month evaluation stages and the company planned to provide updates at cardiology conferences, beginning with the European Course on Revascularization in May 2012.

Reva said that, pending acceptable results from the pilot trial, it would initiate a larger clinical trial to provide data for Conformité Européenne (CE) mark approval.

Reva was unchanged 52.5 cents.

LIVING CELL

Living Cell has told the ASX that it is not aware of any information it has not announced which, if known, could explain recent trading in its securities.

The ASX said the company's share price rose from 5.2 cents on February 9, 2012 to 7.2 cents on February 16, 2012, a 38.5 percent increase and noted an increase in trading volume.

Living Cell was unchanged at 6.9 cents.

MEDICAL DEVELOPMENTS INTERNATIONAL

Medical Developments says it has appointed the Montabaur, Germany-based R Cegla GMBH to distribute its range of asthma equipment in Germany, Austria and Switzerland. Medical Developments chief executive officer John Sharman told Biotech Daily that R Cegla would distribute the Space Chamber Plus range along with other asthma products and R Cegla would replace competitor spacers with initial orders for about 40,000 units. Medical Developments was unchanged at 55 cents.

BIO-MELBOURNE NETWORK

The Bio-Melbourne Network March 1, 2012 will demonstrate the use of bio-animation to describe complex scientific stories to diverse audiences.

Bio-Melbourne chief executive officer Michelle Gallaher said that new technology platforms and devices such as the Ipad and social media were providing more opportunities to use technology to tell otherwise difficult stories.

"Biotech companies should be aware that increasingly people are watching rather than reading information, so conveying your message in a visual medium should be an important part of your company's communication strategy," Ms Gallaher said.

The Network said that bio-animation used video technology to communicate technology to a broader non-scientific audience and the media, investors and government needed to understand the fundamental principles and benefits of often complex technologies.

The Network said that the workshop would discuss the use of bio-animation in electronic media, tailoring the message to different audiences, understanding the process of how to make a bio-animation video, costs, timelines, styles and intellectual property rights.

The Network said the speakers included Parry Studios' Jack Parry, Thinktank Social's Edwin Cornellissen and Monsoon's Emma Power.

The workshop will be held at the Bio-Melbourne Network, 25 Flinders Lane, Melbourne, with registration at 8.45am and will be lunch. For more information and to book go to

<http://www.biomelbourne.org/events/view/218>.

MAYNE PHARMA

Scott Richards has assumed the role of Mayne Pharma chief executive officer and managing director, replacing founding chief executive officer Dr Roger Aston.

The appointment was announced late last year (BD: Dec 2. 2012).

Dr Aston told Biotech Daily that the changes took place earlier this week.

Mayne was unchanged at 30 cents.