



Biotech Daily

Tuesday July 3, 2012

Daily news on ASX-listed biotechnology companies

- * **ASX DOWN, BIOTECH UP: VIRALYTICS UP 14%, OPTISCAN DOWN 16%**
- * **ALLIED HEALTH, CSIRO CARDIAC STEM CELL COLLABORATION**
- * **PHARMAXIS GRANTS CEO DR ALAN ROBERTSON 200k RIGHTS**
- * **CONSEGNA DEVELOPS BREATHEASSIST ELITE SPORTS**
- * **MEDICAL AUSTRALIA, ANALYTICA SELL MEDIFLUSH TUTA BURETTES**
- * **M&G GROUP BUYS 3m MORE STARPHARMA SHARES, AGAIN**
- * **OSPREY APPOINTS NEVILLE MITCHELL, VIC FABANO**
- * **REPUBLICA CAPITAL TAKES 13% OF MEDIVAC**

MARKET REPORT

The Australian stock market slipped 0.14 percent on Tuesday July 3, 2012 with the S&P ASX 200 down 5.8 points to 4,127.2 points.

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

Viralytics was the best, up 3.5 cents or 14.3 percent to 28 cents with 159,709 shares traded, followed by Ellex up 13.0 percent to 13 cents with 54,245 shares traded and Antisense up 11.1 percent to two cents with 43.2 million shares traded.

Compumedics climbed 9.4 percent; Allied Health was up 5.6 percent; Sunshine Heart was up 4.55 percent; Phosphagenics was up 3.45 percent; Avita, QRX and Tissue Therapies rose more than two percent; with Biota, Heartware, Resmed and Starpharma up by less than one percent.

Optiscan led the falls, down 1.5 cents or 15.8 percent to eight cents with 385,266 shares traded, followed by Phylogica down 9.1 percent to four cents with 745,468 shares traded.

Prima fell 4.2 percent; Prana lost 3.2 percent; Mesoblast shed 2.1 percent; Acrux was down 1.2 percent; with Clinuvel, Cochlear, CSL, Pharmaxis and Sirtex down by less than one percent.

ALLIED HEALTHCARE GROUP COMMONWEALTH SCIENTIFIC AND INDUSTRIAL RESEARCH ORGANISATION

Allied Health will collaborate with the CSIRO to develop its Adapt tissue matrices as scaffolds to deliver adult stem cells for heart failure.

The company said its Adapt-treated bovine cardiac tissue had reduced calcification compared to competitors and the aim of the collaboration was to use the Adapt technology to produce a platform for the delivery of stem cells.

Allied said that the repair of cardiovascular tissue through a tissue bio-scaffold, and the attraction of cells to repopulate and replace the initial scaffold, was expected to offer a superior, long-lasting regenerative medicine implant that became native tissue.

Allied managing director Lee Rodne said the collaboration "allows us to increase the undoubted commercial potential of the Cardiocel and Adapt technology and produce a new platform technology based on a combination of the Allied technology with stem cells". "This builds further on the company strategy to bring multiple products to market for the multi-billion dollar regenerative medicine market," Mr Rodne said.

Allied said that its regenerative medicine division [formerly Biomed] had developed the Adapt tissue engineering technology that provided acellular tissue matrices that had been used in the repair of congenital heart defects, valve replacement, hernia and pelvic floor repair.

The company said the tissues were fully compatible with the human body and the engineering process provided the ability to regulate the porosity and associated properties of the tissue, providing the potential to design them as bio-scaffolds to deliver stem cells.

Allied said that that stem cells were recognized as important in tissue repair and regeneration and were believed to act through mechanisms including the recruitment of cells to the area for repair.

The company said that many studies demonstrate the matrix properties and composition on which the stem cells were seeded affected the type of new tissues formed.

Allied said that CSIRO's Biomedical Materials and Devices group had extensive experience in the development and evaluation of novel materials and surfaces for both the controlled expansion of stem cells and as scaffolds for stem cell matrices.

Celxcel chief executive officer Bob Atwill said the access to CSIRO stem cell research enabled rapid progress for the development of the Adapt technology.

"This technology will offer next generation improvements in tissue repair of cardiac tissue, defects and reconstruction of deformed or damaged heart valves in the first instance and potential wider applications in soft tissue repair using our technology," Mr Atwill said.

CSIRO commercial manager Charles Lindall said that working with Allied showed that the Organisation was able "to work flexibly with innovative Australian companies".

Allied said the Federal Department of Innovation's Enterprise Connect Researchers in Business program partially funded the research. The Department website said the program provided up to 50 percent of salary costs, to a maximum of \$50,000, for each placement for between two and 12 months.

Overnight, the Columbia Maryland-based Osiris announced that its one-year, 220-patient trial of its allogeneic Prochymal stem cells significantly reduced hypertrophy, arrhythmia and progression to heart failure in patients suffering an acute myocardial infarction.

Last year, Mesoblast published positive results for its Revascor adult mesenchymal stem cells for congestive heart failure with one of 45 cardiac disease patients treated with Revascor dying, compared with three of the 15 untreated controls (BD: Nov 15, 2011).

Allied was up 0.1 cents or 5.6 percent to 1.9 cents.

PHARMAXIS

Pharmaxis says that following a performance review chief executive officer Dr Alan Robertson will be granted 200,000 performance rights at no cost and no exercise price. Pharmaxis said that half the rights would vest on June 29, 2014 and the balance on June 29, 2015, but no rights could be converted to shares until June 29, 2015 and none could be traded without the board's permission.

The company said the grant required shareholder approval at the annual general meeting. Pharmaxis fell half a cent or 0.5 percent to \$1.01.

CONSEGNA GROUP

Consegna says it is developing the Breatheassist Elite Sports nasal dilator plugs to increase airflow.

Consegna said the product was designed "for athletes competing at the highest level".

The company said the device was a variant of the Breatheassist technology, developed with lightweight polymers to increase airflow and maintain a high level of comfort, fit and feel during exercise.

Consegna chief technology officer Dr Nick Ede said the company had worked with athletes in the UK and Australia and cyclist Mark O'Brien was using the product in the Cycling Australia Subaru National Road Series which he was leading.

The company said the Elite Sports product was "advancing to final clinical trials to expand the positive body of evidence to support this product in the market" and the Breatheassist technology enabled products for sleep apnoea, snoring, septum disorders, drug delivery, odor masking, dust and pollen filtration and enhancing sports performance.

Consegna chief executive officer Fabio Pannuti said the "monetization of the Breatheassist technology" had reached a significant stage.

"The confirmation of our regulatory pathway, identification of a commercial scale production process and feedback from consumers and athletes of the calibre of Mark O'Brien, has triggered a great deal of interest from commercial partners," Mr Pannuti said. Consegna fell 0.2 cents or 10 percent to 1.8 cents.

MEDICAL AUSTRALIA, ANALYTICA

Medical Australia says that sales of Tuta-branded burettes equipped with Analytica's patented flush system have begun in Australia.

Medical Australia said it was marketing the system under the Mediflush trademark for use during intravenous administration of medication.

Medical Australia said the system allowed a burette's needleless injection port and the medication delivery syringe to be flushed with saline directly from the fluid bag, without the need for additional flushing syringes or ampoules, delivering all the drug the patient.

Medical Australia said the flushing system meant that medicine did not stagnate in dead space of the needleless port where it could mix, possibly adversely, with later medicines and expensive drugs would be used more efficiently.

The company said that the use of flushing ampoules or syringes required several connection steps, which meant additional infection risks and the Mediflush system improved hospital infection control by eliminating these steps with the Tuta burettes.

Medical Australia said it was responsible for manufacturing, sales, marketing and regulatory affairs of its products using Analytica technology.

Medical Australia was unchanged at 1.2 cents.

Analytica was up 0.1 cents or 6.25 percent to 1.7 cents.

STARPHARMA

M&G Investment Funds has increased its substantial shareholding in Starpharma from 22,494,398 shares (8.01%) to 25,310,817 shares (9.01%).

The London-based M&G companies first acquired 18,604,651 shares (6.70%) shares in November 2011 month for \$19,999,999 or \$1.075 a share (BD: Nov 24, Dec 13, 2011). Today the M&G Group said it bought 2,816,419 shares between March 21, 2012 and June 29, 2012, with the largest parcel 429,506 shares for \$693,162 or an average price of \$1.614 a share.

In March, the M&G Group said it bought and sold shares between December 12, 2011 and March 20, 2012, increasing its holding by 3,004,321 shares, with the largest parcel 471,384 shares for \$654,054 or an average price of \$1.3875 a share (BD: Mar 22, 2012). Starpharma was up half a cent or 0.4 percent to \$1.40.

OSPREY MEDICAL

Osprey says it has appointed Cochlear chief financial officer Neville Mitchell as a director and Vic Fabano as head of operations and quality.

Osprey said that Mr Mitchell was part of the team that listed Cochlear on the ASX in 1995 and part of the executive team that has driven the company's growth and development. The company said Mr Mitchell was responsible for Cochlear's accounting, corporate finance, treasury, audit, investor relations, secretarial, and corporate legal functions. Osprey said that prior to Cochlear, Mr Mitchell was a senior manager with KPMG in Johannesburg, South Africa.

Mr Mitchell said Osprey's Cincor technology offered an advanced level of kidney protection for at-risk patients undergoing a stenting procedure.

Osprey said Mr Fabano had more than 20 years' experience in the medical device industry with the last 15 years serving as an executive in charge of manufacturing, operations, quality, and product development.

Osprey said Mr Fabano was for Anulex Technologies' vice-president of operations and quality from 2008 to 2012.

Osprey said Anulex was a venture capital-backed spinal device company and Mr Fabano established a US Food and Drug Administration-compliant scalable manufacturing infrastructure focused on cost, quality and delivery.

Osprey was untraded at 39 cents.

MEDIVAC

Republica Capital has become a substantial shareholder in Medivac with the acquisition of 25,761,928 shares or 13.04 percent.

The initial substantial shareholder notice said the shares were acquired for \$154,572 or 0.6 cents a share.

The notice said that newly appointed Medivac director Rodger Stuart Johnston was a director of Republica Capital.

The notice said that Republica was based at RBS Rower Phillip Street Sydney and gave Mr Johnston's address as Singapore.

Medivac was untraded at 0.4 cents.