



Biotech Daily

Monday November 26, 2012

Daily news on ASX-listed biotechnology companies

- * **ASX UP, BIOTECH DOWN: CELLMID UP 7%, UNIVERSAL BIO DOWN 10%**
- * **WEHI: IMMUNE GENE ARIH2 COULD CONTROL CHRONIC INFECTIONS**
- * **UNIVERSAL BIOSENSORS PLACEMENT RAISES \$12m, SHARE PLAN**
- * **OBJ FACES 22% AGAINST REMUNERATION**
- * **CATHRX TO DELIST ON NEW YEAR'S EVE**

MARKET REPORT

The Australian stock market was up 0.25 percent on Monday November 26, 2012 with the S&P ASX 200 up 11.2 points to 4,424.2 points.

Eight of the Biotech Daily Top 40 stocks were up, 14 fell, 12 traded unchanged and six were untraded. All three Big Caps fell.

Cellmid was the best, up 0.1 cents or 6.7 percent to 1.6 cents with 759,995 shares traded.

Patrys climbed 5.4 percent; Allied Health, Avita, Impedimed and Living Cell were up four percent or more; with Mesoblast and Starpharma up more than two percent.

Universal Biosensors led the falls on an 11 percent discounted capital raising, down 10 cents or 9.9 percent to 91 cents, with 56,528 shares traded.

Viralytics lost 4.7 percent; Alchemia and Sunshine Heart fell more than three percent; Circadian, Ellex, Nanosonics and Prana shed more than two percent; Acrux, Anteo, Bionomics, CSL, Psivida, Resmed and Sirtex were down more than one percent; with Cochlear and Pharmaxis down by less than one percent.

THE WALTER AND ELIZA HALL INSTITUTE FOR MEDICAL RESEARCH

The Walter and Eliza Hall Institute says the Arih2 gene, essential for embryo survival, could hold the key to treating and controlling chronic infections, such as HIV, hepatitis and tuberculosis.

The Walter and Eliza Hall Institute said that the Arih2 gene was fundamental to the function of the immune system, making critical decisions about whether to switch on the immune response to an infection.

The Institute said that the recent discovery of the AriH2 gene had implications for the treatment of chronic infections, such as HIV, that exhaust and switch off the immune system, as well as for chronic inflammatory, also known as autoimmune, conditions such as rheumatoid arthritis and sepsis.

WEHI said that Dr Marc Pellegrini, Dr Greg Ebert and colleagues from its infection and immunity division, with collaborators from the University of Toronto, Canada, led the research, published today in the journal Nature Immunology.

The article is entitled 'ARIH2 is essential for embryogenesis, and its hematopoietic deficiency causes lethal activation of the immune system, with an abstract available at: <http://www.nature.com/ni/journal/vaop/ncurrent/abs/ni.2478.html>.

Dr Pellegrini said that Arih2 was found in dendritic cells, the sentinels of the immune system that play an essential role in raising the alarm about the presence of foreign invaders in the body.

"Arih2 is responsible for the most fundamental and important decision that the immune system has to make, whether the immune response should be initiated and progressed or whether it should be switched off to avoid the development of chronic inflammation or autoimmunity," Dr Pellegrini said.

"If the wrong decision is made, the organism will either succumb to the infection, or succumb to autoimmunity," Dr Pellegrini said.

Dr Pellegrini said that although the immune system worked well against many infections, some organisms had developed mechanisms to evade or counteract the immune system, allowing them to persist in the body.

"Some organisms have evolved ways of exhausting our immune system to the point where the immune system just switches off and this is what happens in HIV, hepatitis B and tuberculosis," Dr Pellegrini said.

"These organisms counter the immune response, exhausting T cells which are stimulated over and over again by the infection and becoming exhausted or paralyzed," Dr Pellegrini said. "With this current discovery, what we should be able to do is circumvent these mechanisms and reinvigorate the immune response temporarily to boost the immune system and help clear these infections."

Dr Ebert said the research team was now looking at the effect on the immune response of switching off Arih2 for short periods of time during chronic infections.

"We are investigating how manipulating Arih2 and associated pathways promotes immunity in chronic overwhelming infections, where we know the immune response is inadequate," Dr Ebert said.

"Arih2 has a unique structure, which we believe make it an excellent target for a therapeutic drug, one that is unlikely to affect other proteins and cause unwanted side-effects," Dr Ebert said.

"Because Arih2 is critical for survival, we now need to look at the effect of switching off the gene for short periods of time, to see if there is a window of opportunity for promoting the immune response to clear the infection without unwanted or collateral damage or autoimmunity."

UNIVERSAL BIOSENSORS

Universal Biosensors says it has raised \$12 million through a placement of 13.3 million Chess depositary interests (CDIs) at 90 cents each.

Universal Biosensors said the placement, primarily to institutional investors was at an 11.0 percent discount to the five-day volume weighted average price (VWAP) prior to the trading halt on November 22, 2012.

Universal Biosensors said that the funds would be used to accelerate new product development in patient self-test prothrombin time international normalized ration (PT-INR) blood coagulation test, immunoassay testing and molecular diagnostic testing and provide working capital to support new product launches and growth in manufacturing.

The company said that Wilson HTM Corporate Finance acted as lead manager and book-runner for the placement, with Veritas Securities as co-manager to the placement.

Universal Biosensors said the placement settlement was scheduled for November 29, 2012.

The company said a share purchase plan to buy shares in parcels up to \$15,000 would be offered at the same share price with a record date of November 23, 2012, and would open on November 28 and close on December 12, 2012.

Universal Biosensors fell 10 cents or 9.9 percent to 91 cents.

OBJ

OBJ survived a first strike on its remuneration report with 22.2 percent opposition, but the resolution along with two others at the annual general meeting was carried.

OBJ said that 25,858,417 proxy votes (22.2%) opposed the company's remuneration plan and 90,575,227 proxy votes (77.8%) in favor.

Resolutions to re-elect director Glyn Denison and approve an additional 10 percent placement facility were passed overwhelmingly.

OBJ's most recent Appendix 3B share issue announcement said there were 1,156,276,528 shares on issue, meaning that the strongest opposition came from 2.2 percent of all shares on issue, not sufficient to requisition extraordinary general meetings. OBJ was up 0.1 cents or 8.3 percent to 1.3 cents, with 1.4 million shares traded.

CATHRX

Cathrx says that, subject to ASX approval, it will be suspended from the close of trade on December 21, and the company will be removed from the ASX list on December 31, 2012.

Cathrx developed a range of cardiac catheters, including reprocessable catheters, but was unable to secure sales contracts in Europe (BD: Mar 8, May 9, 2012).

Cathrx was untraded at 0.5 cents.