



Biotech Daily

Tuesday March 26, 2013

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH DOWN: OSPREY UP 20%, GI DYNAMICS DOWN 10%**
- * **JOHN BRUMBY TELLS AUSBIOTECH SUMMIT: 'PARTNER WITH CHINA'**
- * **UNIVERSAL BIO: J&J LIFESCAN'S 2nd GLUCOSE METER RECALL**
- * **CELLMID LICENCEES PROGRESS LUNG, BLADDER CANCER TESTS**
- * **SUDA MALARIA TRIAL LOCKED, ARTIMIST TEST UNITS MANUFACTURED**

MARKET REPORT

The Australian stock market fell 0.8 percent on Tuesday March 26, 2013 with the S&P ASX 200 down 40.0 points to 4,950.2 points.

Eight of the Biotech Daily Top 40 stocks were up, 16 fell, 11 traded unchanged and five were untraded. All three Big Caps fell.

Osprey was the best, up eight cents or 19.5 percent to 49 cents, with 15,000 shares traded, followed by Optiscan up 15.8 percent to 11 cents, with 40,000 shares traded.

Clinuvel and Psivida climbed more than two percent; Viralytics was up 1.6 percent; with Acrux, QRX and Starpharma up by less than one percent.

GI Dynamics led the falls, down seven cents or 9.7 percent to 65 cents with 25,000 shares traded, followed by Uscom down 9.1 percent to 20 cents with 126,500 shares traded.

Universal Biosensors lost 7.9 percent; Heartware and Pharmaxis fell more than five percent; Alchemia was down 4.4 percent; Patrys and Tissue Therapies were down more than three percent; Cellmid, Living Cell, Neuren and Prana shed more than two percent; Genetic Technologies, Nanosonics and Sirtex were down more than one percent; with Cochlear, CSL, Mesoblast and Resmed down by less than one percent.

AUSBIOTECH AUSTRALIA CHINA LIFE SCIENCE SUMMIT

Former Victoria Premier John Brumby opened the inaugural Australia China Life Science Summit with a call to dramatically increase cooperation between the two countries.

Mr Brumby told about 80 delegates at the Ausbiotech event, sponsored by DLA Piper, at the Melbourne Convention Centre, that China's investment in research and development was forecast to grow at 11.6 percent to \$US22.9 billion in 2013, compared to global growth in research and development spending of 3.7 percent or \$US53.7 billion.

"China's R&D expenditure growth is far outpacing their already impressive GDP growth," Mr Brumby said.

Mr Brumby is also a director of China's Huawei Technology which he said was "the second largest technology company in the world" and China's largest private company, with a research and development spend of \$US5 billion - about the same as all of Victoria.

Mr Brumby said that in 2011 China became the top country for domestic patent applications with its share of international applications the fastest growing in the world, and biotechnology a growing share of the research and development effort.

"None of this should be seen as a threat but rather as an opportunity," Mr Brumby said.

He said that comments during the 2012 US Presidential campaign on China's growth were "quite frankly, concerning".

"They smacked of protectionism, plain and simple," Mr Brumby said.

"The answer to China's innovation is not protectionism but partnership," Mr Brumby said.

He said that the world's four largest banks were Chinese and that Australia could benefit enormously from Chinese investment in research, development and innovation.

"It will not come true simply as a result of our geographical proximity to Asia, nor will it come true thanks to our fortuitous endowment of natural resources," Mr Brumby said.

"But it will come true if we can make Australia a natural partner for Chinese industry and academia when it comes to science, technology and innovation," he said.

Mr Brumby said that to attract China, Australia needed to identify and maintain strengths such as educational standards which were slipping compared to other nations and innovation capacity, as well as needing to "reach out the hand of partnership".

Mr Brumby said that he had called for annual ministerial level Australia-China science and technology meetings to set ambitious targets and report back on scientific collaborations.

He said Monash University had established a Chinese Government-funded campus at Shuzhou which could determine Chinese willingness to partner with other Australian institutions.

"Science, technology and innovation drive growth and that is why biotechnology is so important to us," Mr Brumby said.

The People's Republic of China's Melbourne Consul-General Shi Weiqiang told the conference that China would become the second largest pharmaceutical market in the world and had undertaken extensive reforms across its industries.

Mr Shi said that biotechnology had been nominated as one of seven emerging industries in China, a country with retail sales expected to rise to \$US5 trillion in 2015.

"This provides opportunities for many countries, especially Australia," Mr Shi said.

The two-day conference will hear speakers on a range of subjects including forums on 'Doing business successfully in China', 'How to access money from China', 'Regulatory systems in China' and 'From academic collaboration to commercial success: stories from Victorian biotech'.

The final session tomorrow is entitled 'On the Couch – Dos and Dents of Doing Business in China' with QRX's Dr Janette Dixon, Synthesis' Prof Andrew Wilks, Allied Health's Dr Julian Chick and Agenix's Nick Weston.

UNIVERSAL BIOSENSORS

Universal Biosensors says Johnson & Johnson's Lifescan has had to order a second voluntary recall of some models of its Onetouch Verio glucose meters.

Universal Biosensors developed the original Onetouch diagnostics but had no involvement with the affected models which shut down "at extremely high blood glucose levels".

In 2012, the Onetouch Verio IQ model was recalled after a software fault was detected which caused the meter to switch itself off (BD: Feb 23, 2012).

Today, Universal Biosensors said that the second recall involved the Onetouch Verio IQ, Onetouch Verio Pro and Onetouch Verio Pro (Plus).

Universal Biosensors chief executive officer Paul Wright said his company was "not involved in the design or manufacture of the affected meters and Lifescan has confirmed that the Onetouch Verio test strips are not affected".

"While we consider there may be some impact on strip sales in the coming months, we do not expect this recall to have a material impact ... over the longer term," Mr Wright said.

Lifescan said that at "extremely high blood glucose levels of 1024 mg/dL and above, the meter will not provide a warning that the blood glucose is extremely high and will shut off, thereby potentially leading to incorrect treatment and delaying proper treatment".

The US National Institutes for Health says a normal fasting level for blood glucose is 70 and 100 milligrams per deciliter (mg/dL) with more than 125mg/dL (6.9 millimole/Litre) considered diabetic. Diabetes Australia says that 4.0 to 6.0 mmol/L is normal.

Universal Biosensors fell six cents or 7.9 percent to 70 cents.

CELLMID

Cellmid says that licencees of two cancer diagnostic tests using its midkine technology had achieved significant product development and commercialization milestones.

Cellmid said that in 2009 it licenced Quest (then Celera) to use midkine as a lung cancer test biomarker and in 2010 signed an agreement with Pacific Edge to use midkine as a biomarker in the Cxbladder bladder cancer test (BD: Oct 29, 2009; May 19, 2010) .

Cellmid said the Quest licence covered the use of midkine for the early diagnosis, prognosis, monitoring and management of lung cancer, with a milestone payment when the lung cancer test had regulatory clearance and royalties to be paid semi-annually.

The company said that Quest had transferred and validated their six-marker lung cancer test from Elisa format onto the commercial Luminex platform, widely used by pathology laboratories and should provide "the ideal platform for product launch" with the next step clinical validation, which had begun.

Cellmid said that Quest reported it was working diligently to use midkine in its lung cancer tests, particularly for the diagnosis of indeterminate pulmonary nodules identified through computed tomography (CT) scan or chest x-ray.

Cellmid said lung cancer was the leading cause of cancer death in the US and CT scans were used to diagnose the disease; but they were expensive, lacked the required accuracy and had a poor safety profile and a better method was urgently needed.

Cellmid said that registration of Pacific Edge's Pennsylvania laboratories had cleared the way for the launch of Cxbladder in the US, with a milestone fee payable in shares, due on the first US sale of Cxbladder, with royalties on revenues to be paid semi-annually.

The company said that treated patients underwent frequent, painful and expensive urethral endoscopies and Cxbladder had the potential to replace cystoscopy.

Cellmid said that Cxbladder has shown 100 percent sensitivity and 85 percent specificity in late stage bladder cancer, with specificity expected to increase in a monitoring setting.

Cellmid fell 0.1 cents or 2.5 percent to 3.9 cents with 6.6 million shares traded.

SUDA (FORMERLY EASTLAND MEDICAL SYSTEMS)

Suda says that licensor Protopharma has locked the database for the African paediatric sublingual phase III clinical trial of Artimist for malaria at the end of February.

Suda said that Protopharma would write a draft clinical trial report, expected before June, 2013.

The company said that the Montreal, Canada-based Therapex had manufactured the first of the 10,000 unit commercial stability batches of Artimist in late February and the batch was held and filled over an extended period to mimic large scale production conditions.

Suda said that the batch was undergoing quality testing and on completion a further batch of 10,000 units would be manufactured.

The company said the samples would be placed on a commercial stability program to assess and confirm that the long term stability was the same as the developmental and clinical batches.

Suda said that its wholly-owned subsidiary Westcoast Surgical and Medical Supplies continued to develop, consolidate and grow its business and was "seeing a number of new contracts starting to yield fruit".

Suda was unchanged at 3.3 cents with 1.8 million shares traded.