Biotech Daily

Tuesday July 30, 2013

Daily news on ASX-listed biotechnology companies

*** ASX FLAT, BIOTECH UP:**
- PRANA, USCOM UP 11%, TISSUE THERAPIES DOWN 11%

*** BIOTA CEO RUSSELL PLUMB FACES FEW AUSTRALIAN INVESTORS**

*** CSIRO DECODES BARRIER REEF CORAL FOR SUNSCREEN**

*** VICTORIA APPOINTS LEONIE WALSH LEAD SCIENTIST**

*** SUDA FINAL REPORT: 'ARTIMIST SUPERIOR TO QUININE FOR MALARIA'**

*** GENETIC TECHNOLOGIES' GTECH BUYS INCONTINENCE TEST SIMAVITA**

*** GENETIC TECHNOLOGIES REQUESTS CAPITAL RAISING TRADING HALT**

*** CONSEGNA HIRES CHINAMED FOR BREATHEASSIST TURBINE**

*** METAL GROUP TAKES 17% OF ALLIED HEALTH**

*** VICTORIA INDIA SCHOLARSHIPS 'BRING BEST AND BRIGHTEST'**

MARKET REPORT

The Australian stock market was flat for the second day, up 0.02 percent on Tuesday July 30, 2013 with the S&P ASX 200 up 0.9 points to 5,047.2 points. Seventeen Biotech Daily Top 40 stocks were up, 12 fell, nine traded unchanged and two were untraded.

Prana and Uscom were equal best, up 11.1 percent to 40 cents and 20 cents, respectively, with 3.8 million and 3,000 shares traded, respectively, with Bionomics up 11.0 percent to 45.5 cents with 833,450 shares traded.

Viralytics climbed 8.6 percent; Impedimed was up 7.4 percent; Neuren, Prima and Psivida were up five percent or more; Benitec and Pharmaxis were up more than three percent; Nanosonics and Resmed rose more than two percent; Acrux, Alchemia, Heartware and Osprey were up more than one percent; with Reva and Universal Biosensors up by less than one percent.

Yesterday's best, Tissue Therapies, the falls, retreating three cents or 11.3 percent to 23.5 cents with 1.2 million shares traded. Atcor lost 8.7 percent; Avita was down 7.4 percent; Cellmid fell 6.45 percent; Ellex was down 3.85 percent; Medical Developments, Sirtex and Starpharma shed more than two percent; Anteo and QRX lost one percent or more; with Clinuvel, Cochlear, CSL and Mesoblast down by less than one percent.

BIOTA PHARMACEUTICALS

Biota chief executive officer Russell Plumb met with about 10 retail investors in Melbourne and admitted the company had communication issues since moving to the US.

Prior to the move, Biota emailed about 3,000 of the 10,500 Australian investors with its announcements, which were posted on the ASX.

Since the merger, the emails were stopped and announcements were posted on the company's website, with a link to automatically send them to email addresses, but no-one was told of the procedure unless they called the company and asked.

Today's meeting and one planned for Sydney on August 1, were announced only by a website-based notification on July 25, and reported in this publication (BD: Aug 25, 2013).

Mr Plumb provided a company presentation explaining the focus on clinical stage compounds and the intention to partner or licence pre-clinical stage programs.

He said the company was focused on the five-year $US231 million US Office of Biomedical Advanced Research and Development Authority (BARDA) contract, to develop its laninamivir anti-influenza drug, which was "20 percent completed".

Mr Plumb said that the 444-patient phase II trial of 40mg and 80mg laninamivir began Southern Hemisphere enrolments in June and was expected be fully enrolled after the Northern Hemisphere influenza season in March 2014 with "top line results by July 2014".

Mr Plumb said that if all went to plan the company would be able to begin a phase III trial by the end of 2014 and file its new drug application to the US Food and Drug Administration in mid-2016 for market approval by mid-2017.

Mr Plumb said that the drug's intellectual property was protected until 2024 and the inhaler device was protected to 2027, but it "could be difficult for generics" to replicate the system and the likelihood was "very low" that generics manufacturers would.

He said he was in negotiations with Japan Inavir partner Daiichi Sankyo for 'rest of world' laninamivir royalties which he expected would be about 90 percent to Biota and 10 percent to Daiichi Sankyo.

Mr Plumb said the BARDA laninamivir contract was also funding a phase I/II paediatric influenza trial, a required phase I cardiac study and a phase I adult asthma study.

He said sales of Inavir for treating influenza in Japan had surpassed Tamiflu and with a 40 percent market share had become the market leader in two years, with the prophylaxis indication expecting approval by the end of 2013.

Mr Plumb said the company had two other programs it would progress, the respiratory syncytial virus program and a compound for gram-negative multi-drug resistant bacteria.

Mr Plumb said the company had reduced costs and cut the burn rate which was “getting close to zero”.

Mr Plumb said that US investors were not very interested in pre-clinical companies which “don’t drive a lot of value” so the focus was on the clinical stage where a phase II trial result could yield a 100 percent of 200 percent share price increase in one day.

Investors asked questions about the move to the US, including the fall in share price, the difficulty of trading shares on the Nasdaq and the absence of chairman Jim Fox from the briefing.

Investor Dr Wolfgang Kissel said that he “felt misled by the chairman” who spoke about tapping into the US investor base, prior to the merger, when there had been very little interest in Biota on the Nasdaq.

Biotech Daily asked Mr Plumb if he thought the company owed shareholders an apology for the move that had left many investors with difficulty in trading shares and no communication from the company along with a halving of share value.

“Ask me in a year,” Mr Plumb said.

He agreed that there was a lack of liquidity for US institutional investors but did not relate that to the 60 percent of retail investors, mainly in Australia, who had difficulty trading their shares.

Mr Plumb said the board was aware of the liquidity problem but would not discuss any of the options the directors may have had to resolve the issue and did not respond to suggestions that Biota could relist on the ASX.

Asked about his own US reputation, Mr Plumb said his team which included corporate development strategy executive vice-president Dr Joseph Patti “can get any meeting with any investor whenever we want”.

Biota has previously said that Mr Plumb was the president, chief executive officer and chief financial officer of Inhibitex developing antiviral, small molecules from 2000 to 2012, when it was acquired by Bristol-Myers Squibb for about $US2.5 billion and Dr Patti was a co-founder of Inhibitex, its chief scientific officer and research and development senior vice-president (BD: Nov 15, 2103).

Mr Plumb said he took Inhibitex from 20 cents to $US26 a share.

“We have a reputation for being smart guys who don’t waste money to create shareholder value,” Mr Plumb said.

“We’re bringing that discipline to Biota,” Mr Plumb said.

Biotech Daily editor David Langsam owns Biota shares.

Last night on the Nasdaq, Biota was up eight US cents or 2.2 percent to $US3.69 ($A4.06, equivalent to 50.8 cents pre-merger) with 4,778 shares traded.

THE COMMONWEALTH SCIENTIFIC AND INDUSTRIAL RESEARCH ORGANISATION

The Commonwealth Scientific and Industrial Research Organisation says that it has created a sunscreen which mimics the protection used by Great Barrier Reef corals.

The CSIRO said that working with skincare company Larissa Bright Australia "the breakthrough paves the way for a new generation of sunscreens which harness the same protective barriers developed by Australia's Great Barrier Reef corals over millions of years to survive in the harsh Australian sun".

The CSIRO said that the ultraviolet filters were resistant to both ultraviolet A and ultraviolet B rays and were clear and colorless which meant they could be used in any cream.

The CSIRO said its scientists had adapted the coral's sunscreen code so that it could be used as an ingredient in human sunscreen, building on work by scientists at the Australian Institute of Marine Science who were the first to discover the natural sun screening ability of coral on the Great Barrier Reef.

CSIRO said that Larissa Bright and the Institute of Marine Science studied the results of more than 20 years of research into how shallow-water corals protected themselves from ultra-violet (UV) light before approaching CSIRO.

CSIRO research scientist Dr Mark York said that the molecular make up of the coral's natural sunscreen filter was complex, "but the real challenge was modifying it so that it was resistant to both UVA and UVB radiation in one molecule".

CSIRO said that the broad spectrum coral sunscreen filters were expected to be available to consumers within five years.

VICTORIA GOVERNMENT

The Minister for Innovation, Services and Small Business Louise Asher says Leonie Walsh has been appointed Victoria's lead scientist.

Ms Asher said that connections between Victoria's scientific and research community and industry would be enhanced with the appointment of the inaugural lead scientist.

Previously Foursight Associates contracted its science, technology and innovation advisory service as co-chief scientists for the Government of Victoria and last year appointed Michael Taylor and Peter Turvey as principals joining founders Prof Graham Mitchell, Prof Gus Nossal, Prof David Penington and Prof John Stocker (BD: Mar 7, 2102).

Ms Asher said that the creation of an Office of the Lead Scientist was a Coalition election pledge and she was "delighted that Ms Walsh will be engaged in the role of lead scientist, given her experience in the management and commercialization of research and her understanding of the importance of science and technology in driving business innovation and future success".

"Ms Walsh will be responsible for fostering linkages across the innovation value chain, including industry groups, academic organizations and other publicly and privately funded science and technology based organizations," Ms Asher said. "Ms Walsh will promote awareness in the community of the importance of science, technology and innovation in the state's future economic, social and environmental wellbeing," Ms Asher said.

A Victoria Government media release said that Ms Walsh previously held senior research and development and product development positions with Dow Chemical and with Visy Industries and was the president of the Australasian Industrial Research Group and a Fellow of the Academy of Technological Sciences and Engineering.

Ms Walsh holds a Bachelor of Applied Chemistry and Biochemistry and a Master of Applied Science from Swinburne University of Technology and a Master of Business Administration from the Australian Graduate School of Management.

SUDA

Suda says the final report of its phase III, paediatric trial of sublingual Artimist compared to intravenous quinine for malaria confirms previous headline data (BD: Apr 30, 2013)

Suda said that the trial confirmed the significant superiority of sub-lingual Atrimist in the reduction of the parasitic count within 24 hours when compared to intra-venous quinine and statistically significant differences in efficacy between the two treatments.

The company said that the final report confirmed that 95.6 percent of the patients treated with Atrimist had parasite count reduced by 90 percent within 24 hours compared to 40.6 percent of patients treated with intra-venous quinine and that secondary efficacy parameters demonstrated statistically significant differences.

Suda fell half a cent or 14.3 percent to three cents with eight million shares traded.

GENETIC TECHNOLOGIES

Genetic Technologies says its 75.82 percent subsidiary Gtech International Resources will acquire Sydney-based incontinence diagnostic company Simavita Holdings.

Genetic Technologies said the Canadian-listed Gtech would acquire 100 percent of the outstanding shares of Simavita to be paid in Gtech shares.

Genetic Technologies chief executive officer Alison Mew said the transaction would see all of its shareholders, including her company, benefit from the expansion of the Simavita business into the North American market and beyond.

“Further, the transition of management to the incoming Simavita team will enable [Genetic Technologies] to maintain focus on the expansion of its US business through the growth of its flagship Brevagen test,” Ms Mew said.

Genetic Technologies went into a trading halt (see below) at 8.5 cents.

GENETIC TECHNOLOGIES

Genetic Technologies has requested a trading halt pending an announcement in relation to “a proposed capital raising”.

Trading will resume on August 1, 2013 or on an earlier announcement.

CONSEGNA GROUP

Consegna says it has contracted the Hong Kong-based Chinamed Manufacturing to make and package its Turbine nasal dilator, formerly the Breatheassist Elite Sports model.

Consegna said it expected to launch the Turbine nasal dilator by the end of 2103, generating its first revenues.

Consegna chief executive officer Michael Johnson said the appointment of Chinamed “enables fast track product commercialization for Consegna”.

“It delivers short term, large scale global supply for the Turbine nasal dilator product range,” Mr Johnson said.

“Having finalized the Turbine design with the input of some of Australia’s elite athletes we have completed a thorough review of our manufacturing requirements,” Mr Johnson said.

Consegna said that the Australian online sporting and physical recreation goods industry revenue for 2012-13 was estimated at $765 million.

Consegna was up 0.3 cents or 6.25 percent to 5.1 cents with 2.3 million shares traded.

ALLIED HEALTHCARE GROUP

The Metal Group said it had increased its substantial holding in Allied Health from 155,773,299 shares (15.05%) to 176,571,070 shares (17.05%).
The Metal Group, which is associated with Western Australian miner Andrew Forrest, said it acquired the 20,797,771 shares for $998,992 or 4.8 cents a share.
Allied Health was unchanged at 5.4 cents with 21.6 million shares traded.

VICTORIA GOVERNMENT

The Victoria Government says its Victoria India Doctoral Scholarships (VIDS) has led to high quality research in chemistry, biotechnology, bioinformatics and physics.
Innovation Minister Louise Asher said the high quality of the research presented at the Knowledge Exchange event demonstrated the success of the scholarship program in attracting India's "best and brightest students to Victorian universities".
Ms Asher said the program was playing a key role in strengthening education links between India and Victoria.
"Through the VIDS program, participating Indian doctoral students gain access to Victoria's world class research facilities and make a significant contribution our state's research and academic knowledge," Ms Asher said.
A Victoria Government media release said the program was established in 2012 and would provide scholarships of $90,000 over three years to outstanding Indian doctoral students, with Victorian host universities waiving their tuition fees.
The Government said that to date, 20 scholarships had been awarded, with 10 students beginning studies in 2012 and a further 10 commencing this year.
The media release said that RMIT University student Abishek Suresh was researching bioinformatics techniques to better understand neuronal nicotinic receptors in the brain, responsible for the regulation and release of important neurotransmitters such as dopamine and glutamate, and the effective transmission of neuro-signals.
The Government said that University of Melbourne student Sayali Shah was researching the synthesis of natural products from the pathogenic bacterium Mycobacterium tuberculosis to develop new ways to synthesize immunogenic natural products that could provide an insight into how the organism caused disease.
The media release said that Monash University student Debabrata Sikdar was investigating how the size, shape, and composition of a sub-wavelength noble metallic nanoparticle contributed to resonance states in a particle's optical response to analyze the behavior of realistic plasmonic devices and systems.
The Government said that Latrobe University student Jyotsna Nagpal was studying novel proteins believed to be involved in the reoccurrence of tuberculosis and planned to characterize the proteins and target them with a range of known drugs.