



# Biotech Daily

Wednesday December 10, 2014

*Daily news on ASX-listed biotechnology companies*

- \* **ASX, BIOTECH DOWN: PRANA UP 14%, COMPUMEDICS DOWN 10%**
- \* **WEHI WELCOMES RESEARCH FUND CHANGES; BIOTECH DAILY, LESS SO**
- \* **BENITEC: RESEARCHERS FIND CHEMO-RESISTANCE MECHANISM**
- \* **NSW AWARDS \$448k, ATP, CALIFORNIA MEDICAL DEVICE PROGRAM**
- \* **IMPEDIMED UNDERWRITTEN RIGHTS ISSUE RAISES \$33m**
- \* **COGSTATE: 'H2 WILL BE BETTER THAN H1, 2015'**
- \* **GENERA REQUESTS CAPITAL RAISING TRADING HALT**

## MARKET REPORT

The Australian stock market fell 0.45 percent on Wednesday December 10, 2014 with the S&P ASX 200 down 23.7 points to 5,259.0 points.

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

Prana was the best, up 2.5 cents or 14.3 percent to 20 cents with 1.15 million shares traded, followed by GI Dynamics up 13.2 percent to 30 cents with 91,529 shares traded.

Optiscan climbed 8.7 percent; Benitec and Patrys were up more than six percent; Anteo rose four percent; Avita was up 3.85 percent; Universal Biosensors was up 2.9 percent; Mesoblast and Nanosonics were up more than one percent; with Psivida and Sirtex up by less than one percent.

Compumedics led the falls, down one cent or 10 percent to nine cents with 50,209 shares traded.

Living Cell fell 7.7 percent; Acrux, Atcor, Phosphagenics and Uscom lost more than four percent; Analytica, Bionomics, IDT and Osprey were down more than three percent; Biotron, Clinuvel, CSL, Prima, Resmed and Starpharma shed two percent or more; with Cochlear, Pharmaxis and Viralytics down more than one percent.

## THE WALTER AND ELIZA HALL INSTITUTE FOR MEDICAL RESEARCH

Walter and Eliza Hall Institute director Prof Doug Hilton says he welcomes yesterday's Federal Government revision to funding the proposed Medical Research Future Fund. Prof Hilton said the decision removed a significant barrier to the community and government support that would be required for the proposed \$20 billion fund.

"I encourage Federal MPs and senators to reach agreement on the proposed funding model for the Medical Research Future Fund," Prof Hilton said.

"The fund would provide a substantial boost to the efforts of Australian health and medical researchers to reduce the burden of disease on our community," Prof Hilton said.

The Institute said that Prof Hilton was also president of the Association of Australian Medical Research Institutes and a member of the MRFF Action Group and Prof Hilton said the fund was a critical investment in the future health of Australians.

"Without a vibrant medical research sector, Australia runs the risk of missing out on the fruits of medical research: new treatments, diagnostic tools and preventive health strategies," Prof Hilton said.

"The current funding structure for medical research has not been able to support the full potential of our research workforce and for many years we have been telling governments that stronger investment is required," Prof Hilton said.

"I congratulate the Australian Government on having the courage to take a bold approach to improving how research is funded," Prof Hilton said. "There is no doubt that the Medical Research Future Fund will underpin exciting new breakthroughs in the long term, that improve the outlook for Australians living with disease."

WEHI said that investment in Australian health and medical research resulted in long-term economic savings, with a return of at least \$2 on every \$1 invested in research.

Prof Hilton said that many advances in health over the past 100 years "came from research programs with long-term funding support, enabling creative thinking and experimentation that is not possible for researchers who lack steady funding support".

"Today, too many researchers, especially our brightest young minds, are so occupied by competing for scarce government funds that they cannot devote themselves fully to long term, productive research," Prof Hilton said.

"The Medical Research Future Fund offers a never-before-seen opportunity to break this cycle and allow our medical researchers to do what they do best, make discoveries that will improve health," Prof Hilton said.

## BIOTECH DAILY EDITORIAL

The entire point of a national health service – and Medicare is one of the best – is to take the socio-economic decision-making of who deserves treatment without payment, out of the hands of general practitioners.

Reducing payments to those doctors who bulk-bill (it makes no difference to those who charge fees) is not an appropriate way to create a Medical Research Future Fund.

Biotech Daily is now convinced that the promise of the Fund is nothing but a stalking horse to ideologically wedge Medicare.

We unequivocally support a \$20 billion Medical Research Future Fund, with the caveat that 25 percent be set aside to fund the commercialization of discoveries, so they do not have to go off-shore, taking their profits with them. This would make the fund self-funding. The fact that nothing has been done to initiate the Fund, despite the availability of the first \$1 billion from the Health and Hospitals Fund, only enhances the view that the Fund is more about the politics of Medicare than support for research.

**David Langsam, Editor**

## BENITEC BIOPHARMA

Benitec says a University of New South Wales research team has discovered a molecular mechanism by which the beta III tubulin gene confers resistance to chemotherapy drugs. Benitec said that it was collaborating with Prof Maria Kavallaris' group at the University of New South Wales Children's Cancer Institute, with an exclusive licence to the intellectual property around using RNA-interference to knockdown beta III-tubulin to overcome chemotherapy resistance in cancer cells.

The company said that mechanism of action research was entitled 'TUBB3/BetaIII-tubulin acts through the PTEN/AKT signaling axis to promote tumorigenesis and anoikis resistance in non-small cell lung cancer' was published in Cancer Research and an abstract is available at: <http://www.ncbi.nlm.nih.gov/pubmed/25414139>.

Benitec chief executive officer Dr Peter French said the research was "an important milestone" for the company's non-small cell lung cancer program.

"Determining the mechanism of action of beta III-tubulin in drug resistance and by inference, using [DNA-directed RNA interference] to silence this gene and reverse that resistance is a very important step in validating the approach clinically," Dr French said. Dr French said that the work by Prof Kavallaris and her team would form part of a regulatory submission.

"Defining the molecular mechanism of action of beta III-tubulin has been five years in the making," Prof Kavallaris said.

Prof Kavallaris said that her team had shown that beta III-tubulin appeared to have a significant role in modulating the phosphatase and tensin homologue/protein kinase B (PTEN/AKT) signaling pathway in non-small cell lung cancer cells.

"Suppression of beta III-tubulin using RNA-interference dampens the AKT survival pathway in [non-small cell lung cancer cells], thus pointing to the potential mechanism by which beta III-tubulin expression affects tumor growth and resistance to chemotherapy drugs," Prof Kavallaris said.

Benitec said previous studies showed a doubling of survival in a mouse model of human lung cancer and expected to take the program to the clinic (BD: Apr 4, Dec 18, 2013). Benitec was up five cents or 6.9 percent to 77 cents.

## NEW SOUTH WALES GOVERNMENT, ATP INNOVATIONS

New South Wales Minister for Health and Medical Research Jillian Skinner says Sheridan Gho and Michael Weaver have won scholarships worth \$448,000 over two years.

A media release from Ms Skinner said that University of Wollongong exercise physiologist Ms Gho and engineer Mr Weaver would go to San Francisco in the NSW-QB3 Rosenman Scholar Program.

In July, the New South Wales Government launched the post-doctoral Medical Device Commercialisation Training Program with 20 candidates undertaking a three-month program with technology incubator ATP Innovations, with up to two candidates chosen to for the New South Wales-QB3 Rosenman Scholar Program. (BD: Jul 16, 2014).

Today, the New South Wales Government said that Ms Gho and Mr Weaver developed the concept of a wearable sleeve that managed lymphoedema in breast cancer patients by massaging problem areas while patients went about their daily tasks.

"I offer my congratulations to Sheridan and Michael, who shone during the intense three-month training program," Ms Skinner said.

"They demonstrated entrepreneurial literacy, persistence and a commitment to understanding how to close the gap between the development of a device and bringing it to market," Ms Skinner said.

### IMPEDIMED

Impedimed says its fully-underwritten, non-renounceable, three-for-13 entitlement offer of up to 55 million shares at 60 cents has raised \$32.5 million (BD: Nov 13, 2014).

Impedimed said it received valid applications for 40,707,891 shares raising \$24.4 million. In November, the company said the funds were to “accelerates its interactions with major customers and partners” and part of the proceeds would go to sales, marketing and training; the expansion of reimbursement; continued product development and enhancement; post-approval clinical trial support; inventory growth; and general working capital purposes.

Impedimed said the offer was fully underwritten by Canaccord Genuity Australia.

Impedimed was unchanged at 79 cents with one million shares traded.

### COGSTATE

Cogstate says it expects the second half of the 2014-'15 financial year to be better than the first half.

Cogstate said that “two large sales contracts” were expected to be signed in January 2015, rather than prior to December 31, 2014, as previously expected.

The company said that “due to the uncertainty of timing of invoices associated with these contracts, Cogstate is not currently able to provide accurate guidance for the results of the half year ending December 31, 2014”.

Cogstate said that full-year results to June 30, 2015 would be “positively impacted by additional revenue resulting from the \$US12.1 million sales contracts signed since July 2014” and the company planned to reinvest cost reductions resulting from the sale of the Axon Sports training business in additional business development resources for the clinical trials business to further boost sales.

Cogstate said it would seek regulatory approval for its cognition testing systems in the US primary care market.

The company said it was “confident of a stronger financial result in the January to June 2015 half year, as compared to the results of the half year ending December 31, 2014”.

Cogstate said that “the loss expected for the first half of this financial year will be significantly reduced during the second half of the year as revenue increases from sales contracts already signed”.

Cogstate fell one cent or 5.3 percent to 18 cents.

### GENERA BIOSYSTEMS

Genera has requested a trading halt “pending the release of an announcement to the market in relation to a proposed capital raising”.

Trading will resume on December 12, 2014 or on an earlier announcement.

Genera last traded at 22 cents.