



Biotech Daily

Thursday July 3, 2008

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECHS DOWN: ALCHEMIA UP 12%, POLARTECHNICS DOWN 17%**
- * **AVITA HELICON CLOSE TO CHINESE REGISTRATION**
- * **MEDICAL THERAPIES COMPLETES MIDKINE ACQUISITION**
- * **HUNTER HALL TAKES 10% OF BIOTA**
- * **BAKER HEART MERGES WITH INTERNATIONAL DIABETES INSTITUTE**
- * **BAYER LICENCES PROTEOME CROP TEST**
- * **MINISTER CARR OPENS ARANA R&D FACILITY**
- * **AUSBIOTECH-GSK 2008 STUDENT EXCELLENCE AWARDS**
- * **ANZ DOWN TO 19% OF OPES PRIME'S SOLAGRAN SHARES**

MARKET REPORT

The Australian stock market fell 2.3 percent on Thursday July 3, 2008 with the All Ordinaries down 117.6 points to 5,094.0 points.

Nine of the Biotech Daily Top 40 stocks were up, 21 fell, four traded unchanged and six were untraded.

Alchemia was best, up 3.5 cents or 11.86 percent to 33 cents on modest volumes, followed by Heartware up two cents or five percent to 42 cents and Optiscan up one cent or 4.35 percent to 24 cents.

Viralytics climbed 3.17 percent; Circadian, Mesoblast and Progen were up more than two percent; with Peplin, Resmed and Starpharma up more than one percent.

Polartechinics led the falls, down 2.5 cents or 17.24 percent to 12 cents with 1.1 million shares traded followed by Benitec, Cytopia and Neuren, all down by more than 11 percent.

Novogen lost 8.09 percent; Bionomics was down 7.46 percent; Psivida fell 6.67 percent; Clinuvel was down 4.48 percent; Acrux, Arana, Chemgenex, Pharmaxis, Prana, Sirtex and Universal Biosensors lost more than three percent; Agenix, Cellestis, CSL and Ventracor shed more than two percent; with Avexa, Cochlear and Genetic Technologies down more than one percent.

AVITA, HELICON

The Chinese State Food and Drug Administration has approved the first stage of registration of Avita's skin regeneration concept and Recell device.

Avita (formerly Clinical Cell Culture) gave credit to Helicon for "shepherding" the product through the Chinese registration process.

The companies said importation issues needed to be resolved relating to some of the biological active components of the Recell device, including the trypsin.

Helicon chief executive officer Peter Abrahamson said the companies were "exploring all avenues to resolve the importation issues including local sourcing to enable commercialization to commence".

Avita chief executive officer Dr William Dolphin said Helicon had excelled in "shepherding the Recell application through the highly complex Chinese State Food and Drug Administration approval and registration process."

Recell was developed by Prof Fiona Wood and was used to treat victims of the 2002 Bali bombings.

Recell is a medical device that assists plastic, cosmetic, dermatology and burn surgeons in repairing wounds, scars and skin defects.

Avita said Recell was a stand-alone, rapid cell harvesting device that enabled surgeons to treat skin defects using the patient's own cells collected during surgery.

Avita said Recell was better than skin grafts for accelerated healing, reduction of scarring, improved pigmentation matching and decreased stay in hospital.

Helicon said Recell had significant sales potential in China where the cosmetics and plastics markets were growing exponentially, due to an emerging middle class with disposable income.

Helicon said the amount spent in this market was \$US2.4 billion a year.

Avita fell half a cent or 4.55 percent to 10.5 cents.

Helicon fell 0.1 cents or 1.54 percent to 6.4 cents

MEDICAL THERAPIES

Medical Therapies has completed settlement of its intellectual property agreement with Cell Signals for the acquisition of the midkine protein-related technology assets.

Medical Therapies and Cell Signals entered into an intellectual property agreement on April 16, 2008 with conditions having been met July 3, 2008.

Medical Therapies shareholders approved the issue of 20,000,000 shares to Cell Signals in return for transfer of the intellectual property and the issue of shares to NS Capital Limited for the funding of the transaction.

Due diligence has been completed by both parties.

Cell Signals transferred all of its rights to its midkine-related intellectual property including patents, trademarks, manufacturing information and technical know-how and passed ownership of all stocks of midkine protein and reagents to Medical Therapies.

Midkine has therapeutic and diagnostic applications in the treatment of acute and chronic myocardial infarct and the treatment of various cancers and inflammatory diseases.

Medical Therapies was untraded at five cents.

BIOTA

Hunter Hall Investment Management has increased its substantial shareholding in Biota from 15,431,379 shares (8.54%) to 17,652,486 (9.76%).

Biota fell half a cent or 0.63 percent to 79.5 cents.

BAKER IDI HEART AND DIABETES INSTITUTE

The Baker Heart Research Institute and the International Diabetes Institute have merged to form the Baker IDI Heart and Diabetes Institute.

The merged institute was formally created on July 1, 2008 and will have a board of directors drawn from both the Baker and IDI.

It will take an assignment of the International Diabetes Institute assets and liabilities.

A media release from the Institute said the Victorian Parliament was expected to pass legislation which will repeal the Baker Medical Research Institute Act and transfer the business of Baker and the International Diabetes Institute to a new entity to be known as Baker IDI Heart and Diabetes Institute Holdings.

Baker Heart chairman Rob Stewart will be chairman of the merged entity and International Diabetes Institute chairman Dr David Thurin will be on the board.

Baker IDI will have a campus in Prahran and in Caulfield, until 2010 when the Caulfield staff and the clinical services offered there will relocate to new premises, in Prahran.

The Institute said the merger was made possible by Federal and State Government grants totalling \$19 million.

The media release said the institute would provide preventive strategies to ensure the disease burden from these health problems is reduced.

The merged Institute will develop methods for early detection of individuals at risk of the diabetes and heart disease complications that are the result of their obesity; house a new metabolic laboratory to develop and evaluate the most effective lifestyle intervention strategies; and develop and evaluate the most effective drug therapies for obesity, type 2 diabetes and cardiovascular disease when lifestyle interventions fail.

In Australia in 2005 there were 379,000 new cases of cardiovascular disease and 102,000 new cases of type 2 diabetes resulting from obesity.

“Combining the strengths of IDI and the Baker will put Australia at the forefront of international research into the deadly trio of cardiovascular disease, obesity and diabetes,” the media release said.

PROTEOME

Proteome has awarded a licence to Bayer Crop Science AG for the use of its Diagnostiq test device for applications in two defined agricultural fields.

Bayer Crop Science will also collaborate with Proteome in the development and evaluation of products in the fields encompassed by the licence agreement.

Bayer Crop Science has commercialization rights to all products that it develops in partnership with Proteome.

Proteome said it would receive an undisclosed payment for product development, an annual licence fee for each field and ongoing royalties on net sales of products.

Proteome said the first product developed in the collaboration is the Wheatrite Testing Kit, “a rapid quality assurance test that can be completed in three minutes and enables growers to make an on-farm assessment of the extent of rain damage to enable separation of sound grain from damaged grain”.

Proteome said Bayer Crop Science was developing plans to launch the Wheatrite test in Canada later this year. The company said Canada produced five percent of global wheat production and was well-suited for introduction of the Wheatrite test as it had a centralized wheat board, a high level of on-farm storage and offers strong product differentiation for wheat export. The Test will be marketed in other developed wheat producing markets such as Europe, the US and Australia.

Proteome said it was developing a reader that would allow quantitative measurement using Diagnostiq.

The company said it Bayer Crop Science would buy the reader and the associated software for all products developed on the Diagnostiq platform under the licence agreement, including Wheatrite.

Proteome said Bayer Crop Science had identified a second project covered by the licence agreement, a diagnostic test to assist adherence to food safety legislation expected to be in the market within two years.

Proteome was unchanged at 12 cents.

ARANA

The Federal Minister for Innovation, Industry, Science and Research, Senator Kim Carr has opened Arana's research and development facility in Sydney.

Arana will receive \$7 million over two years from the Federal Government to increase its research and development.

A media release from Senator Carr's office said Arana was "one of Australia's largest biopharmaceutical companies with a market capitalization of \$220 million".

Arana fell 3.5 cents or 3.07 percent to \$1.105.

AUSBIOTECH, GLAXOSMITHKLINE

The national Ausbiotech-Glaxosmithkline Student Excellence Awards have opened for graduate students. The awards are open to students who have completed honors or started their masters degree or a doctorate of philosophy in 2007 and 2008.

Competitors are required to pitch the commercial application of their research to a panel of judges against other state finalists.

Each state winner will receive their award at the Ausbiotech 2008 conference and be able to display a poster of their abstract.

The award covers the student's travel, accommodation expenses and registration for Ausbiotech 2008 to be held in Melbourne October 26-29, 2008.

Entries close on August 13, 2008.

More information can be found at www.ausbiotech.org.

SOLAGRAN

The ANZ Bank has reduced its substantial shareholding in Solagran acquired from the Opes Prime Stockbroking collapse.

The ANZ said it held 54,014,958 ordinary Solagran shares (27.368%) prior to June 20, 2008 which reduced to 37,795,150 shares (19.15%) on June 27, 2008.

On June 20 the ANZ said it had disposed of all the 9,803,258 contributing or partly paid shares acquired from the Opes Prime Stockbroking collapse.

Solagran fell 0.5 cents or 1.67 percent to 29.5 cents.