



# Biotech Daily

Monday July 13, 2009

*Daily news on ASX-listed biotechnology companies*

- \* **ASX, BIOTECH DOWN: PRANA UP 12.5%, CATHRX DOWN 19%**
- \* **US STUDY BACKS USCOM ICU FLUIDS RESPONSE; MAY CUT USE 50%**
- \* **ACUVAX CREATES ADELAIDE-BASED MARKETING SUBSIDIARY**
- \* **PHARMAXIS QUILTS NASDAQ, SAVES COMPLIANCE COSTS**
- \* **BIOSIGNAL SELLS IP TO RELATED COMPANY, ACQUISITION ON THE WAY**
- \* **NORWOOD TRIMS SAILS FOR SHARE TRADING, MERGER**
- \* **BIO-MELBOURNE'S AUGUST BIO-BREAKFAST LOOKS AT BIOMARKERS**

## MARKET REPORT

The Australian stock market fell 1.49 percent on Monday July 13, 2009 with the S&P ASX 200 down 56.6 points to 3,737.5 points.

Ten of the Biotech Daily Top 40 stocks were up, 14 fell, seven traded unchanged and nine were untraded.

Prana was best, up two cents or 12.5 percent to 18 cents with 115,802 shares traded, followed by Tissue Therapies up 9.1 percent to 18 cents.

Novogen climbed 4.9 percent to 75 cents; Universal Biosensors was up 3.3 percent; Biota, Chemgenex and Cytopia rose more than two percent; Cellestis and Sirtex were up more than one percent; with Mesoblast up 0.62 percent.

Cathrx led the falls, down 7.5 cents or 18.75 percent to 32.5 cents with 105,500 shares traded, followed by Labtech down 12.5 percent to 17.5 cents and Progen down 10.7 percent to 75 cents.

Impedimed lost 7.7 percent; Living Cell and Viralytics were down more than five percent; Optiscan and Phosphagenics fell more than four percent; Genera shed two percent; Acrux, Alchemia, Circadian, Cochlear and CSL were down more than one percent; with Peplin, Pharmaxis and Resmed down by less than one percent.

## USCOM

Uscom says a journal article recommends the routine use of its monitor for intensive care patients requiring intravenous fluid therapy in preference to a catheter-based approach. The article 'Non-invasive stroke volume measurement and passive leg raising predict volume responsiveness in medical ICU patients: an observational cohort study' was published on July 8, 2009 and is at: <http://ccforum.com/content/pdf/cc7955.pdf>. The study 102 fluid challenges in 89 intensive care patients at St Louis' Barnes Jewish Hospital found that "less than 50 percent of ICU patients given fluid boluses were volume responsive".

The study used Uscom's ultra-sonic cardiac output monitor and also concluded that "non-invasive [stroke volume] measurement and [passive leg raising] can predict fluid responsiveness in a broad population of medical ICU patients".

The study was authored by staff at the Pulmonary and Critical Care Division of the Washington University School of Medicine in St Louis Missouri.

Uscom executive chairman and director of clinical science Robert Phillips told Biotech Daily that the research paper "potentially reduces by half the number of ICU patients that should be receiving fluids".

"Fluids are done universally and poorly," Mr Phillips said.

"If there was one use for which Uscom could have been designed then this is it," Mr Phillips said.

He said the two major issues in intensive care units were the use of fluids and infections. He said the non-invasive Uscom monitor solved both problems.

Uscom's media release to the ASX said the study recommended "the routine use of Uscom for ICU patients requiring intravenous fluid therapy in preference to invasive catheter based approaches".

Uscom said that using invasive catheter guidance, fewer than half of all fluid interventions in intensive care patients were necessary.

The company said the study determined that the Uscom device could "determine with approximately 90 percent accuracy who will benefit from fluid treatment and who will not".

Uscom said the study concluded its device could predict volume responsiveness in a variety of unselected medical intensive care patients, underscoring the need for routine application of the monitor when fluid volume expansion or fluid was considered.

Mr Phillips said the study would "shift thinking in critical care medicine worldwide".

"Fluid management is controversial and generally done poorly because of the inadequate tools to guide clinicians, but Uscom simplifies this practice," Mr Phillips said.

"This study suggests that Uscom will improve treatment and save vital healthcare dollars," he said.

Uscom was untraded at 70 cents.

## ACUVAX

Acuvax has created Acuvax Immunology Services to market recombinant and other technologies for vaccines, diagnostics and other immunological products.

Acuvax chief executive officer Dr William Ardrey said the wholly-owned subsidiary would be based in Adelaide "due to the strong competencies in molecular biology and vaccine research and development, as well as heavy investment by the State Government to create a biosciences precinct".

Acuvax was untraded at 2.7 cents.

## PHARMAXIS

Pharmaxis will voluntarily de-list from the Nasdaq share market.

Pharmaxis said it had completed a review of the demand from existing and potential international investors for the secondary listing of its American depositary shares on the Nasdaq and the volume of Pharmaxis ADS trading in the secondary Nasdaq market.

The company said the review concluded that the benefits of the Nasdaq listing could no longer justify the related ongoing costs.

Pharmaxis did not disclose how much would be saved by the move but Chemgenex said its July 20, 2009 delisting from the Nasdaq was expected to save "several hundred thousand dollars" (BD: Jun 29, 2009).

Pharmaxis chief financial officer David McGarvey told Biotech Daily that when the company established its presence on the Nasdaq on August 29, 2005, "there was a value through the access to funds".

"Markets have changed and US investors are more willing to invest in ASX listed shares," Mr McGarvey said. "And the companies have changed. Most US investors no longer need the Nasdaq to invest."

Pharmaxis said it expected the de-listing would take effect at the close of trading on August 3, 2009 with deregistration with the SEC effective from October 21, 2009.

The company's primary listing on the ASX continues without change.

Pharmaxis said American depositary shares would continue to trade over-the-counter and there were "no costs associated with retaining the Level 1 ADS program".

Pharmaxis fell two cents or 0.84 percent to \$2.36.

## BIOSIGNAL

Biosignal will sell the intellectual property over its anti-biofilm technology to Commonwealth Biotechnologies Inc and is finalizing a major acquisition.

Biosignal said the sale was dependent on shareholder approval and would include the issue of an unstated number of Biosignal shares at three cents a share to Commonwealth Biotechnologies as well as the receipt of an undisclosed number of Commonwealth Biotechnologies shares at \$US1.00 a share to Biosignal.

Biosignal director Tim Boyd told Biotech Daily that the deal was not a merger but the sale of the technology.

Mr Boyd said the moves would be transformative for Biosignal.

Pharmaust announced last year that it had sold its majority shareholding in Commonwealth Biotechnologies Inc to Hong Kong-listed Venturepharm Laboratories for more than \$3.5 million (BD: Sep 15, 2008).

Pharmaust said at the time that the "investment has made no contribution to the group fiscally since its acquisition and ... recently reported an increased loss for the last full financial year.

In April 2008, Pharmaust said the registration process for Commonwealth Biotechnologies "was expected to take some time and was not expected to be straight forward as, since the resignation of Paul D'Sylva, relations with the board of Commonwealth Biotechnologies have not proved cooperative".

A former managing director of Pharmaust, Dr D'Sylva remains a director of Commonwealth Biotechnologies and although not a director of Biosignal is believed to be the principal of Empire Investments which acquired control of Biosignal through its dominance on the board (BD: May 6, 21, 28, 2009).

Biosignal said today that the Nasdaq-listed Commonwealth Biotechnologies had an agreement to acquire GL Biochem Shanghai, described as “China’s largest speciality peptide synthetic chemistry [contract research organization]”.

Biosignal said GL Biochem and its associated companies had revenues of more than \$US14million and profit after tax of \$US2 million.

Commonwealth Biotechnologies’ director and chief operating officer Richard Freer said his company had the “skills required to rapidly commercialize the Biosignal [intellectual property]”.

Mr Freer said GL Biochem would assist in bringing the technology closer to market.

Mr Boyd said the transaction would see the development costs of anti-microbial film being “met by a well-established contract research company, with Biosignal shareholders being exposed to the upside through a cornerstone shareholding in Commonwealth Biotechnologies”.

Biosignal climbed 0.6 cents or 40 percent to 2.1 cents with 1.2 million shares traded.

### NORWOOD ABBEY

Norwood Abbey says it has a new agreement with the Massachusetts Institute of Technology replacing the intellectual property licences in its needle-free project.

Norwood abbey said the new agreement replaced the “previous licence over all patents and all intellectual property flowing from its sponsored research in relation to the needle-free project”.

Norwood Abbey said it would be entitled to 25 percent of the net revenues flowing from the future development and/or commercialization of the needle-free technology.

The company said net revenues would be determined after allowance for Massachusetts Institute of Technology administrative costs, un-reimbursed patent prosecution costs and previous amounts outstanding to Massachusetts Institute of Technology under the prior sponsored research agreement.

Norwood Abbey said Massachusetts Institute of Technology would assume all responsibility for ongoing management and commercialization of the technology.

The company said it would have “no further financial obligations in relation to the needle-free project, including current accrued costs of approximately \$US510,000”.

Norwood Abbey said it was continuing its restructuring which resulted in “a significant reduction in the carrying value of liabilities”.

“These outcomes, together with the dividend received from Norwood Immunology, have brought the company to a position where it is now able to complete its half-yearly and annual accounts,” Norwood Abbey said.

The company said the processing of these two sets of accounts concurrently will reduce the overall costs to the company.

Norwood Abbey said it expected that on completion of the audit process it would be in a position to seek a resumption of quotation, likely to occur by the end of July.

The company said it would reduce its liabilities from more than \$5 million a year ago to about \$500,000.

Norwood Abbey said it was “continuing to work towards a merger with another group”.

A pre-requisite to completing such a deal has been the resolution of the overall liabilities position, the company said and it expected “to progress prospective merger opportunities vigorously”.

Norwood Abbey is in a voluntary suspension and last traded at 0.6 cents.

## BIO-MELBOURNE NETWORK

The Bio-Melbourne Network says its August 4, 2009 Bio-Breakfast, will examine the commercial development of biomarkers.

The BioMelbourne Network says that medical research “is evolving away from population-oriented therapeutic approaches toward the identification of biological variations that determine individual disease susceptibility, prognosis, and treatment outcomes”.

The Network says personalized medicine “promises to deliver the right medicine at the right time to the right patient in the right dose”.

The Bio-Melbourne Network said the shift in focus towards the individual was evident in environmental health with recent efforts to develop biomarkers for personalized exposure assessments and to understand why some people were particularly vulnerable to environmental toxicants.

Biomarkers also have important and economically valuable applications in agriculture and industry, the Network said.

Cancer Trials Australia Dr John Barlow will discuss the rise to prominence of biomarkers in medical research.

Latrobe University Prof Nick Hoogenraad will analyze global trends of biomarkers in the agricultural and medical fields.

Thomson Reuters Australia Michaela White will review the development of the biomarker market and Bio-Link Australia’s Christopher Boyer will present the commercial challenges in selling biomarkers to developers of medical diagnostics.

The August Bio-Melbourne Bio-Breakfast will be held at the Supper Room at Melbourne Town Hall, Swanston Street, Melbourne with registration from 7:15am.

Bio-Melbourne Network members \$55.00; non-members \$88.00. For more information contact Anita Petris on +613 9650 8800 or email [apetris@biomelbourne.org](mailto:apetris@biomelbourne.org).