



Biotech Daily

Tuesday July 28, 2009

Daily news on ASX-listed biotechnology companies

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- * **OCCUPATIONAL & MEDICAL: 'FROM BLEEDING EDGE TO LEADING EDGE'**
- * **IMPEDIMED: NORTH CAROLINA SPECIFIES LYMPHOEDEMA COVER**
- * **USCOM POSTS MAIDEN POSITIVE QUARTERLY CASH FLOW**
- * **SHORTFALL DELAYS PALLANE, DIA-B TAKEOVER**
- * **ACUVAX: MICHAEL SPOONER REPLACES HAWAII'S DR RICHARD OPARA**
- * **PROF MURRAY ESLER WINS \$50k VICTORIA, \$100k SMORGON PRIZES**
- * **SUNSHINE HEART HAS ONE QUARTER CASH; HOPES TO RAISE \$5-8m**
- * **BIOSIGNAL HAS LESS THAN ONE QUARTER CASH**
- * **SENATOR CARR OPENS CSL'S JOHN BUTTON AUDITORIUM**
- * **DECK CHAIR TAKES 17% OF INCITIVE**
- * **EASTLAND MEDICAL EGM TO BACK SHARES, OPTIONS, DIRECTOR**

MARKET REPORT

The Australian stock market was up 0.72 percent on Tuesday July 28, 2009 with the S&P ASX 200 up 29.9 points to 4,169.5 points. Twelve of the Biotech Daily Top 40 stocks were up, 12 fell, 10 traded unchanged and six were untraded.

Psivida was best, up 31 cents or 17.2 percent to \$2.11 with 3,010 shares traded, followed by Genetic Technologies up 16.3 percent to 5.7 cents and Sunshine Heart up 12.96 percent to 6.1 cents. Nanosonics climbed 9.6 percent; Labtech was up 8.1 percent; Prana and Starpharma were up more than six percent; Novogen was up 5.9 percent; Avexa and Bionomics climbed more than four percent; Compumedics was up 3.85 percent; CSL rose 1.09 percent; with Acrux up 0.84 percent.

Mesoblast led the falls, down nine cents or 8.6 percent to 96 cents with 103,100 shares traded, followed by Polartech down 6.4 percent to 7.3 cents. Clinuvel fell 4.7 percent; Benitec and Heartware were down more than three percent; Alchemia, Chemgenex, Cochlear, Resmed, Sirtex and Tissue Therapies shed more than two percent; Progen was down 1.3 percent; with Cellestis and Pharmaxis down by less than one percent.

OCCUPATIONAL & MEDICAL INNOVATIONS

Occupational & Medical is in the process of transition from a safe syringe company to one developing intellectual property around a range of medical devices.

In Melbourne looking for investors for a \$6 million raising to fund its intravenous valve product, chairman David Shirley, chief executive officer Matthew Austin and business development director Glenn Smith told Biotech Daily the company was going through a complete reorganization and would shake off the image of being a single product safer syringe company.

Occupational & Medical also has a safer scalpel in the market and hopes to create a 60 percent subsidiary to finalize the development of its intravenous valve.

The valve is expected to be sold at about half the cost of its major competitors and the company says it has a raft of advantages over the existing products.

The company said in an 'information memorandum' that its safe access valve met the requirements for both the European Luer slip and US Luer lock markets and that its positive pressure valve had both a swabbable needleless port and its positive pressure valve was self-cleaning preventing blood clots, with fewer components than "most current competitor products".

Chairman David Shirley said that Occupational & Medical already had a buyer for the valve product.

Mr Shirley said that a separate share purchase plan entitled the company's more than 2,000 shareholders to up to \$15,000 worth of shares, but he said raising \$5 million would be good.

He said these funds were separate from the \$6 million he hoped to raise for the intravenous valve company, which would be 60 percent owned by Occupational & Medical.

Mr Shirley said the company was "improving every quarter" and was "close to breaking even" not including litigation costs.

"We're not a one-trick pony – from bleeding edge to leading edge," Mr Shirley said.

He said the April 6, 2009 deal with Cardinal Health provided for the US-based company to distribute a Cardinal-branded version of Occupational & Medical's auto-retractable safety syringe into the North American market until December 31, 2013

Mr Shirley said Cardinal had a list of 10 to 20 devices it had brought to him asking Occupational & Medical could produce safer versions at similar costs.

Mr Austin said the company wanted to develop intellectual property around better devices, and the valve was "three-fifths through the process".

He said the company had reviewed its operations and had made significant staff changes.

Mr Austin said the company was considering a name change along with other ways of more clearly establishing a difference to the way in which it has been perceived by existing shareholders as well as potential investors.

Occupational & Medical said it expected revenue for the year to June 30, 2009 to be about \$2.2 million, 26 percent higher than the previous financial year, but down from \$3.2 million previously forecast, due to a strengthening of the Australian dollar against the US dollar.

The company said syringe sales volumes had increased 64.5 percent and scalpel revenue was up 56 percent on the previous year.

But the company is continuing its intellectual property dispute with the Texas-based Retractable Technologies Inc lost a case in the Federal Court of Australia and has begun a US version of the same case (BD: Jul 30, 2008).

Occupational & Medical fell 2.5 cents or 11.4 percent to 19.5 cents.

IMPEDIMED

Impedimed chief executive officer Greg Brown says North Carolina has provided for health insurance plans to include “the diagnosis, evaluation and treatment of lymphoedema”.

Impedimed develops equipment to assist in the diagnosis of lymphoedema.

Impedimed said the state of North Carolina had ratified House Bill 535 of Session 2009, “mandating that every health benefit plan shall provide coverage for the diagnosis, evaluation, and treatment of lymphoedema”.

Mr Brown said the “ground-breaking legislation that goes further than any other US federal or state legislation has previously gone”.

“It specifically addresses coverage for the diagnosis and evaluation of lymphoedema in all situations, not just to mastectomy-related lymphoedema,” Mr Brown said.

“This legislation should further facilitate the adoption of a pre-emptive care approach to monitoring patients at risk of lymphoedema, by supporting medical providers in the reimbursement for the diagnosis and evaluation of lymphoedema,” Mr Brown said.

“We feel this legislation strengthens the position for medical providers to be covered under the present miscellaneous code currently in use, until a category one code can be established,” he said.

“Not only does this legislation support North Carolina medical providers today in adopting Impedimed’s technology for use with patients at risk of lymphoedema through breast cancer treatment, it also begins to pave the way for reimbursement for patients at risk of lymphoedema through pelvic region cancers, for which the patient numbers are considerably higher than breast cancer,” Mr Brown said.

He said the company expected to submit applications for US Food and Drug Administration clearance of its L-Dex U400 device for use in the clinical assessment of unilateral leg lymphoedema by July 2010 and for use in the clinical assessment of bilateral leg lymphoedema by the beginning of 2011.

Impedimed was unchanged at 50 cents.

USCOM

Uscom has reported revenue for the three months to June 30, 2008 of \$1,100,484, primarily from sales of its ultra-sonic cardiac output monitors.

In its Appendix 4c quarterly report Uscom said its net operating cash flow for the three months to June 30, 2009 was \$550,852 and the company had \$1,908,721 in cash.

Uscom was untraded at 70 cents.

DIA-B TECH, PALLANE

Dia-B says the offer period to invest in the backdoor listing of Pallane Medical has been extended to July 31, 2009.

Dia-B said there was “currently a shortfall under the offer”.

“The company is in discussions with the underwriter to determine how best to move forward with the capital raising and the proposed acquisition,” Dia-B said.

“The short extension of the offer period will facilitate the completion of those discussions,” the company said.

This is the second extension of the offer which originally was intended to close on June 26, 2009 and was extended in a supplementary prospectus to July 27, 2009.

The company has said the offer was fully underwritten.

Dia-B last traded at 28 cents.

ACUVAX

Acuvax says Michael Spooner will replace Dr Richard Opara as a non-executive director of its US-based affiliate company Hawaii Biotech.

Acuvax said Hawaii Biotech was a private vaccine development company primarily working on vaccines for Dengue and West Nile viruses.

Mr Spooner is a director of Mesoblast and Peplin, as well as a number of private companies and was previously the managing director and chief executive officer of Ventracor.

Dr Opara is the principal of Chopin Opus 1, a major shareholder in both Hawaii Biotech Inc and Acuvax.

Acuvax fell 0.1 cents or 2.7 percent to 3.6 cents.

VICTORIA PRIZE. SMORGON PRIZE

The Baker IDI Heart and Diabetes Institute's Prof Murray Esler has won the \$50,000 Victoria prize and the Institute will receive the \$100,000 Smorgon Family Award.

Prof Esler won the prizes for his work on neuroscience and cardiology.

At the award ceremony at Melbourne Museum, Prof Esler told Biotech Daily that "mental stress can lead directly to cardiac arrest" through the action of the sympathetic nervous system.

Prof Esler said that under stress the sympathetic nervous system could cause coronary artery spasm and arrhythmia disorders, "particularly in patients with unrecognized underlying cardiac problems".

Prof Esler said his research had led to the discovery that the sympathetic nervous system could cause the kidneys to cause high blood pressure and by ablating specific nerves high blood pressure could be reduced.

He said that with a US based company a radio-frequency ablation catheter was developed to burn out the targeted nerves without damaging blood vessels.

A paper on the subject entitled 'Catheter-based renal sympathetic denervation for resistant hypertension: a multicentre safety and proof-of-principle cohort study' was published in The Lancet on April 11, 2009 and an abstract is available on-line at:

[http://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(09\)60566-3/abstract](http://www.thelancet.com/journals/lancet/article/PIIS0140-6736(09)60566-3/abstract).

Prof Esler said the single 40 minute operation appeared to be successful in reversing high blood pressure.

Victoria's Minister for Innovation Gavin Jennings said Prof Esler had "led the way internationally in cardiovascular neuroscience" since 1973.

As well as winning \$50,000 Victoria prize, Prof Esler has also won the \$100,000 Anne and Eric Smorgon Memorial Award which will be paid to the Baker IDI Heart and Diabetes Institute.

A further six fellowships worth \$18,000 each were awarded to researchers as travel grants for short-term international study missions.

Dr Julianne Halley was awarded a fellowship for mathematical modeling of stem cell development and Dr Joanne Devlin was awarded a fellowship for research into equine and avian herpes viruses.

Other fellowships included Dr Sally Gras for her work in cheddar cheese research; Dr Martin Leahy's investigation of carbon capture; Dr Ming Chen's work on organic solar cells; and Dr Chi Pok Cheung who has been studying fire safety design and bushfire containment.

SUNSHINE HEART

Sunshine Heart says its total operating and investing cash burn for the three months to June 30, 2009 was \$1,847,000 with cash at the end of the quarter of \$2,014,000.

Sunshine Heart said it was attempting to raise \$5 million to \$8 million (BD: May 15, 2009).

Sunshine Heart climbed 0.7 cents or 12.96 percent to 6.1 cents.

BIOSIGNAL

Biosignal says its net operating cash burn for the three months to June 30, 2009 was \$240,359 with cash at the end of the quarter of \$94,602.

Biosignal is involved in related-party deals with Commonwealth Biotechnologies, but gave no indication how it would fund the coming three months (BD: Jul 24, 2009).

Biosignal was untraded at 2.2 cents.

CSL

CSL and the Minister for Innovation Senator Kim Carr have opened the John Button auditorium to honor the late Senator's contribution to the privatized company.

A media release from Senator Carr said the naming of the Parkville campus auditorium recognized Senator Button's role in the "formation of Australia's biggest biotechnology company".

Senator Carr said John Button pioneered innovation policy in Australia.

"As Industry Minister and Senate leader, John Button was at the heart of government for a decade," Senator Carr said.

"He was the first Australian politician to recognize that industry policy in today's world was all about increasing innovation, skills and productivity," Senator Carr said.

The media release said the Commonwealth Serum Laboratories was incorporated as a public company in 1991 during Senator Button's tenure as Industry Minister.

The media release said CSL had "grown to become a global player", employing more than 10,000 people in 27 countries, including 1,600 in Australia with revenue of \$3.79 billion in 2007-'08.

"John Button was one of the first to recognize the contribution pharmaceuticals could make to the Australian economy. He introduced a far-sighted plan to develop the industry in 1987. Central to that plan was the Factor f scheme, which encouraged companies, including CSL, to invest in R&D," Senator Carr said.

"CSL continues to build on the foundation laid by John Button two decades ago. It spent \$225 million on R&D in 2007-08," he said.

"The Australian pharmaceutical industry is one of our most important engines of innovation and one of our biggest manufacturing exporters. It is a central element of John Button's great legacy," Senator Carr said.

The auditorium is in buildings refurbished to provide training and meeting facilities.

CSL was up 32 cents or 1.09 percent to \$29.63 with 4.4 million shares traded.

INCITIVE

Deck Chair Holdings has increased his substantial shareholding in Incitive from 26,785,000 shares (8.54%) to 62,574,719 shares (17.37%).

Deck Chair said 23,489,719 shares were bought for \$70,469.15 while a further 12,300,000 were acquired at no cost.

Incitive was untraded at 0.8 cents.

[EASTLAND MEDICAL SYSTEMS](#)

Eastland Medical will hold an extraordinary general meeting to vote on the previous issue of shares and option and reelect director Michael Stewart.

The company said it wanted shareholder support for the issued of 1,750,000 secured convertible notes; 31,198,498 shares, along with 21,985,084 options.

The meeting will be held at the Celtic Club, 48 Ord Street, West Perth Western Australia on August 28, 2009 at 2pm.

Eastland Medical fell 0.2 cents or 5.88 percent to 3.2 cents.