



Biotech Daily

Monday May 11, 2009

Daily news on ASX-listed biotechnology companies

- * **ASX DOWN, BIOTECH EVEN; ACRUX UP 11%, BIONOMICS DOWN 6%**
- * **FDA ACCEPTS ALCHEMIA, DR REDDY'S FONDAPARINUX APPLICATION**
- * **STARPHARMA, ELANCO ANIMAL HEALTH DEAL, SHARE PLAN EXTENDED**
- * **CORRECTION: AUSTRALIAN STEM CELL CENTRE**
- * **US BIO BACKS AUSBIOTECH CALL FOR BUDGET \$600m**
- * **SENATOR ABETZ URGES GOVERNMENT TO KEEP COMET PROGRAM**
- * **CHINA PAYS AGENIX \$134k**
- * **OCHRE HEALTH GROUP TAKES 10% OF BIOMD**
- * **PRIMA IN NORTH AMERICAN INVESTMENT TALKS**
- * **QRX RELEASES 34m ESCROW SHARES**
- * **UK PATENT FOR KARMELSONIX RESPIRATORY MONITOR**

MARKET REPORT

The Australian stock market slipped 0.4 percent on Monday May 11, 2009 with the S&P ASX 200 down 15.7 points to 3,926.0 points. Fifteen of the Biotech Daily Top 40 stocks were up, 15 fell, five traded unchanged and five were untraded.

Acrux was best, up eight cents or 11.3 percent to 79 cents with 476,404 shares traded, followed by Tyrian up 11.1 percent to four cents and Clinuvel up 9.1 percent to 36 cents.

Tissue Therapies climbed 8.6 percent; Novogen and Starpharma were up more than five percent; Living Cell and Optiscan were up more than four percent; Cellestis, Peplin and Sirtex were up more than three percent; Alchemia, Antisense, Avexa and Chemgenex rose more than two percent; with CSL up 1.93 percent.

Bionomics led the falls, down 1.5 cents or 6.4 percent to 22 cents with 10,000 shares traded, followed by Phylogica down 5.8 percent to 6.5 cents. Biota, Polartechnics, Progen and Resmed lost four percent or more; Labtech Mesoblast, Pharmaxis and Phosphagenics fell more than three percent; Arana, Circadian and Viralytics shed more than two percent; with Cochlear, Genera, Nanosonics and Universal Biosensors down more than one percent.

[ALCHEMIA](#)

Alchemia says its application to the US Food and Drug Administration for fondaparinux sodium, or synthetic heparin, has been accepted for review.

Alchemia said the FDA had written sent a notice of acceptance to its manufacturing and US marketing partner, Dr Reddy's Laboratories.

Alchemia said Dr Reddy's filed the application in March 2009 and the notice of acceptance means that it will enter a period of formal review of six months from filing (BD: March 13, 2009).

"Fondaparinux could be on the market by the end of the year," Alchemia's chief executive officer Dr Smith told Biotech Daily.

The company said that as the first generic version of fondaparinux, the application has been marked for priority review under the FDA's generic initiative for value and efficiency.

First generic products, for which there are no blocking patents or exclusivity protections on the reference listed drug, are identified at the time of submission for expedited review.

Alchemia said the manufacturing process for fondaparinux used by Dr Reddy's used a novel, synthetic pathway developed by Alchemia.

Alchemia was up one cent or 2.6 percent to 39.5 cents.

[STARPHARMA](#)

Starpharma says it will collaborate with Elanco, the animal health division of US pharmaceutical company Eli Lilly and Company.

Starpharma said the collaborative research, licence and commercialization agreement was to develop animal health products with enhanced properties using Starpharma's dendrimer technology.

Starpharma said it would receive revenue from research fees, and was eligible for milestone payments and royalties on sale of any product developed.

Elanco will receive exclusivity within the animal health field, but the terms of the deal were not disclosed.

Starpharma chief executive officer Dr Jackie Fairley said Elanco's expertise, resources and market presence would be "enormously valuable assets as we work to bring these innovative products to market".

"An exciting aspect of this application for our business is that product development in the animal health sector can be faster than is usually associated with the development of human drugs," Dr Fairley said.

Dr Fairley told Biotech Daily that her company's dendrimer technology could be used to improve the performance of veterinary medicines in terms of drug delivery and duration "meaning less frequent dosing which is important in animal health".

Dr Fairley said for drugs at the end of their patent life, creating a new dendrimer-based version could give the drug up to a further 20 years of patent life.

Starpharma said that in 2008, the global animal health market was reported to be about \$US19 billion.

Starpharma said that as a result of the deal, its share purchase plan which has acceptances for \$1.1 million in shares at 26 cents a share has been extended by two days to May 15, 2009, with allotment of shares scheduled for May 22 and the commencement of trading on May 25.

Starpharma was up one cent or 5.26 percent to 30 cents with 1.1 million shares traded.

AUSTRALIAN STEM CELL CENTRE

In the edition of Friday May 8, 2009 Biotech Daily incorrectly said the former chair of the Australian Stem Cell Centre was Dr Barry O Jones.

The correct answer was University of Technology Sydney Chancellor, Prof Vicki Sara.

The mistake was made by the former sub-editor who will not continue to the next round.

BIOTECHNOLOGY INDUSTRY ORGANIZATION

The chief executive officer of the US Biotechnology Industry Organization James Greenwood says the Australian Government should spend \$600 million on the sector. In a letter to Prime Minister Kevin Rudd, Mr Greenwood said BIO supported Ausbiotech's call for an economic stimulus for the biotechnology industry in Australia, based on the recommendations of Terry Cutler in his Venturous Australia report commissioned by the Commonwealth of Australia in 2008.

Mr Greenwood restated the call for \$300 million for refundable tax credits for companies with operational turnover less than \$50 million and \$300 million for competitive matched grants of up to \$750,000 to companies in proof-of-concept stage and \$3 million to \$10 million for companies in clinical trials for new drugs and devices.

Mr Greenwood told Mr Rudd that Biotechnology Industry Organization urged "continued support of your government for this crucial industry in these critical times".

"Economists around the world agree that technology and knowledge-based industries like biotechnology are vital to the future of most developed countries' economies," Mr Greenwood wrote.

"The biotechnology industry in particular has the potential to truly revolutionize the fields of healthcare, agriculture, environmental protection and alternative energy development," Mr Greenwood said.

"Governments of G-20 countries are recognizing the value of biotechnology and putting their support behind innovative programs to bolster continued development," he said.

"As President Obama put it in his first address to US Congress: 'The answers to our problems ... exist in our laboratories and our universities, in our fields and our factories, in the imaginations of our entrepreneurs'.

Mr Greenwood said his country's \$US789 billion stimulus plan included investments in science and health "such as \$10 billion to conduct biomedical research in areas like cancer, Alzheimer's, heart disease and stem cells" as well as significant investments in energy, including renewable energy and green technology.

He said Britain, Canada, Japan, Germany, China and Taiwan had been proactive in the promotion of pharmaceuticals and biotechnology with an array of targeted tax incentives, tax cuts, an overhaul of drug-approval processes, encouragement to banks to buy shares in cash-strapped technology companies and a range of other measures.

Mr Greenwood said India had invested significant funds into the creation of a biotechnology program and Israel invested 4.8 percent of gross domestic product in civilian research and development, more than any other OECD country.

"On behalf of BIO, Ausbiotech and the entire international biotechnology community, we encourage your government's leadership to ensure that Australia continues to have a viable and vibrant biotechnology industry," Mr Greenwood said.

AUSTRALIAN GOVERNMENT

Shadow Innovation Minister Eric Abetz has called on Innovation Minister Kim Carr to ensure the continuation of the Commercialising Emerging Technologies program.

Senator Abetz said Senator Carr should “rule-out rubbing salt into the wounds he inflicted on the innovation sector last year and not axe the Comet program in this Tuesday’s budget,” Senator Abetz said in a media release on May 10, 2009.

“Last budget [Senator] Kim Carr stood idly by while the critical \$700 million Commercial Ready program was axed, leaving a gaping hole in Australia’s innovation sector,” Senator Abetz said.

“Now the Opposition understands that Kim Carr will rub salt into this wound by abolishing the Comet program, the only remaining general Government assistance program for small business seeking to commercialise new and innovative technologies,” he said.

Senator Abetz said an independent review of the program concluded it has proved to be very successful in facilitating the commercialization of innovative products services and processes and should continue.

He quoted Senator Carr saying on September 15, 2008 that: “The Comet program is an example of government and industry working in partnership to boost Australia’s innovation capacity and performance....In particular, the practice of providing strategic and tailored support to early stage companies significantly enhances their chances of successfully converting new and innovative ideas into successful commercial outcomes”.

Senator Abetz said the Cutler review recommended Comet be expanded and extended by another five years, saying it resulted in \$6 being invested for every dollar spent.

“It is a sign of Labor’s incompetence that they would cut this important program, to an already desperately wounded industry sector, to somehow try and claw back their give-away fuelled debt binge,” Senator Abetz said.

AGENIX

Agenix says its April 26, 2009 payment of RMB 700,000 (\$A134,068) was received on May 8, 2009.

The payment is part of an agreement to resolve its dispute with Shanghai Rui Guang Bio-Pharma Development Co.

Agenix said last month that Shanghai Rui Guang would pay RMB44,000,000 (\$A9 million) by November 30, 2009 (BD: Apr 17, 2009).

Agenix said that if the Chinese company obtained finance by May 29, 2009, payment of RMB15,200,000 would be due on May 29, 2009; otherwise it would be due by November 30, 2009 along with the balance of RMB22,800,000.

The payments are refundable by Agenix if shareholder approval is not given.

Agenix said that a decision on finance remained “in the process of consideration” with a People’s Republic of China financial institution.

Agenix is in a voluntary suspension and was untraded at 1.7 cents.

BIOMD

Ochre Health Group has become a substantial shareholder in Biomd, acquiring 13,000,000 shares (10.09%) in the company’s recent placement (BD: May 1, 2009).

Ochre Health provides acute health services, primary health services and chronic disease management in rural and remote communities across Australia.

The shares, acquired at two cents a share are a private investment by the group.

Biomd climbed 0.1 cents or 3.33 percent to 3.1 cents.

[PRIMA BIOMED](#)

Prima says it will begin talks with potential major North American institutional investment funds for the development of its CVac ovarian cancer therapy vaccine.

Prima said that it had "received significant interest from a number of major institutional investment groups" and executive director Martin Rogers would begin discussions with a number of hedge funds and other biotechnology-focused investment funds on investment and partnering opportunities for the commercialization of CVac.

The company said that with its \$12 million funding facility from Fortrend Securities (BD: March 11, 2009) it was "in a position to approach global investment markets with confidence, to secure further significant investment in its market leading ovarian cancer treatment and expand commercialization opportunities".

Prima fell 0.1 cents or 1.43 percent to 6.9 cents with 31.2 million shares traded.

[QRX PHARMA](#)

QRX Pharma says 34,229,407 fully paid ordinary shares will be released from escrow on May 25, 2009 following a 24 month voluntary escrow period.

QRX said that 10,461,317 of those shares were also subject to ASX restriction due to expire on the same date.

The company said that there are no further shares subject to either voluntary escrow and or ASX restriction and following the release of the 34,229,407 shares from escrow there will be 75,000,000 fully paid ordinary shares quoted on the ASX.

QRX climbed one cent or two percent to 51 cents.

[KARMELSONIX](#)

Karmelsonix says the UK Intellectual Property Office has granted a patent entitled 'Method and apparatus for monitoring airways'.

The company said the patent, with other previously granted patents, provided additional scope and protection to its subsidiary Pulmosonix's range of core technologies using active acoustic technology.

Karmelsonix climbed 0.5 cents or 10 percent to 5.5 cents with 3.5 million shares traded.