Biotech Daily

Monday May 25, 2009

Daily news on ASX-listed biotechnology companies

*** ASX, BIOTECH DOWN: TYRIAN UP 10%, ANTISENSE DOWN 12%**

*** US FTC BLOCKS CSL'S $3.1bn TALECRIS TAKEOVER**

*** PATRYS PRODUCES ANTIBODY PRODUCTS FOR CANCER SAFETY TRIAL**

*** COGSTATE SIGNS $1.8m PHASE II TRIAL, REVENUE UP 96%**

*** EASTLAND 1-FOR-2 RIGHTS ISSUE, PLACEMENT**

*** BIODIEM LICENCES FLU VIRUS TECHNOLOGY TO WORLD HEALTH ORG**

*** BIO-MELBOURNE HAS THE FEDERAL BUDGET FOR BREAKFAST**

*** DR DOUG WILSON REPLACES AKI VON ROY AS PHYLOGICA CHAIRMAN**

MARKET REPORT

The Australian stock market fell 0.63 percent on Monday May 25, 2009 with the S&P ASX 200 down 23.7 points to 3,737.9 points.

Eleven of the Biotech Daily Top 40 stocks were up, 17 fell, seven traded unchanged and five were untraded.

Tyrian was best, up 0.3 cents or 10 percent to 3.3 cents with 34,800 shares traded, followed by Phylogica up 6.7 percent to eight cents.

Biota climbed 5.65 percent with 1.9 million shares traded; Acrux was up 5.3 percent; Bionomics and Progen were up more than four percent; Chemgenex and Nanosonics rose more than two percent; with Cochlear, Genera, Peplin and Sirtex up more than one percent.

Antisense led the falls, down 0.5 cents or 11.9 percent to 3.7 cents with 187,791 shares traded, followed by Cathrx down 11.3 percent to 55 cents.

Polartechnics lost 9.1 percent; Genetic Technologies fell 8.3 percent; Labtech was down 6.9 percent; Alchemia and Benitec shed more than five percent; Living Cell, Novogen and Universal Biosensors fell more than four percent; Mesoblast and Phosphagenics were down more than three percent; Cellestis, Pharmaxis, Prana and Psivida shed more than two percent; with CSL and Optiscan down more than one percent.

CSL

The US Federal Trade Commission will take legal action to block CSL's $3.1 billion acquisition of Talecris Biotherapeutics (BD: Aug 13; Oct 13, 2008).
In a media release to the ASX CSL said it was informed during a meeting with FTC staff, that after reviewing CSL's proposals, the FTC staff recommended that the commissioners initiate legal action in the US District Court to block the transaction.
CSL said that a vote and decision by the commissioners was likely to be announced by May 28, 2009 in Washington.
CSL's public affairs director Dr Rachel David told Biotech Daily that one of the issues was the potential for CSL to dominate the blood products market in the US and there was "concern over rising prices".
Dr David said it was "mainly that it's a niche market and dominance in the market".
She said there were other concerns raised by the FTC and the details would be released on May 27, 2009.
In its media release, CSL said managing director Dr Brian McNamee met with FTC commissioners in Washington on May 22, 2009 to discuss his company's proposed acquisition of Talecris.
The company said Dr McNamee put forward the pro-competitive arguments of CSL's case including significant efficiencies and benefits to consumers resulting from the deal, presented potential remedies which may enable approval and discussed the consideration of the case by FTC staff.
CSL was informed during the meeting that the staff recommended legal action to block the transaction.
CSL fell 54 cents or 1.75 percent to $30.35.

PATRYS

Patrys has begun preclinical safety studies for PAT-LM1 and PAT-SM6, natural human antibody products that have shown potential across a number of cancers.
Patrys said the preclinical safety studies were expected to last one month were being conducted at Maccine, a Singapore based contract research organisation.
The company said that following the studies, it was expected that a further period of up to two months might be required to evaluate the results.
Patrys said the studies began following a delay due to capacity reductions at the company's contract manufacturing organization Wuxi Apptec (BD: Dec 3, 2008). At that time, Patrys said the cutbacks would not affect its trials.
Today, Patrys said the studies were designed to generate information that is required prior to obtaining approval to test a therapeutic product candidate in human clinical trials.
Patrys said the advance of PAT-LM1 and PAT-SM6 to preclinical safety studies meant the company had achieved its production goals at this stage in the products' development.
The company said the quality standards met by the products selected for the preclinical safety studies were similar to the standards that have to be met to advance products of this type to human clinical trials.
Patrys said the productivity of the system, or yield, was expected to be sufficient to support the further development and commercialization of the products.
Patrys's vice-president of manufacturing Michael Conner said that "historically, the production of antibodies naturally made by the human body to fight cancer has proven very difficult in terms of producing material of sufficient quality and at sufficient yields to support advanced development as therapeutics".
Patrys was unchanged at six cents.

COGSTATE

Cogstate says it has signed $3.5 million in contracts since April 1, 2009.
Cogstate said the largest contract was a phase II schizophrenia study, at 75 clinical trial sites in 24 languages, which will be worth more than $1.8 million over two years.
The company said it had signed contracts worth $9.0 million during the financial year to date, a 96 percent increase on the $4.6 million of contracts signed as at May 31, 2008.
For the year ending June 30, 2009, Cogstate said it maintained its profit guidance of net profit after tax in the range of $1.5 million to $1.75 million.
Cogstate chief executive officer Brad O'Connor said it was "an outstanding result and reflective of the defensive nature of our industry'.
"While we anticipated there was going to be a slight reduction in research and development spend for pharmaceutical companies, we continue to see new business opportunities in larger, later stage clinical trials, particularly in phase II clinical trials," Mr O'Connor said.
"Lead indications such as schizophrenia and Alzheimer's disease remain important to pharmaceutical companies and this is a key area of specialization for us," he said.
Cogstate was untraded at 24 cents.

EASTLAND MEDICAL SYSTEMS

Eastland Medical expects to raise $2,185,000 through a one-for-two non-renounceable share rights offer at three cents a share and a $585,000 placement.
Eastland said the placement was to clients of Patersons Securities which has underwritten the rights issue to $1.6 million.
The company said the funds would be used for the Artimist sublingual anti-malaria phase III trial.
The offer includes one free attaching option for every 10 new shares issued.
The record date for eligible shareholders is June 5, 2009.
The offer opens on June 9 and closes on June 23, 2009.
Eastland was down 0.9 cents or 16.7 percent to 4.5 cents.

BIODIEM

Biodiem says its live attenuated influenza vaccine technology has been made available to the World Health Organization to support its pandemic plan for developing countries.
Biodiem said that with Nobilon Schering-Plough the company had agreed to allow the St Petersburg Institute of Experimental Medicine to supply the World Health Organization with live attenuated influenza vaccine reassortants.
The company said that with the know-how supplied by Nobilon, the reassortants were to be sub-licenced by the World Health Organization to private companies or governmental or nongovernmental organizations for the public sector in developing countries.
Biodiem said this would enable sub-licencees to produce in eggs, and distribute, seasonal and pandemic vaccines.
The company said the Institute of Experimental Medicine would receive a grant of approximately $US2m from World Health Organization to facilitate the production of LAIV reassortants.
Biodiem chairman Hugh Morgan said he was "delighted" that the World Health Organization had accepted Biodiem's influenza technology and noted that all parties would benefit from the new production facility.
Biodiem climbed 5.5 cents or 73.3 percent to 13 cents.

BIO-MELBOURNE NETWORK

The Bio-Melbourne Network's June 2, 2009 Bio-Breakfast will analyze key measures from the 2009 Federal Budget.

The Network said that Treasurer Wayne Swan's Budget has been seen as a step in the right direction by the biotechnology industry.

While the Commercial Ready and Climate Ready grants have not been replaced with equivalent initiatives Bio-Melbourne Network chief executive officer Michelle Gallaher said the Research and Development Tax Credit and the Export Development Marketing Fund "look promising".

Ausindustry's Victoria State Manager Jayne Facey will discuss the Export Development Marketing Fund in detail at theBio-Breakfast.

Ms Facey will also cover the recently announced Innovation Follow On Fund, how it works and who could potentially benefit from the scheme.

Ernst & Young executive director Alun Needham will explain the new Research and Development Tax Credit and answer a number of questions emerging as the details are being scrutinized.

The June 2, 2009 Bio-Breakfast will be held in the Supper Room, Melbourne Town Hall, Swanston St, Melbourne.

Registration from 7:15am with presentations at 8am.

For further information go to www.biomelbourne.org , email npitcher@biomelbourne.org or call Nicole Pitcher on 03 9650 8800

PHYLOGICA

Phylogica says Dr Doug Wilson will replace Joachim (Aki) von Roy as executive chairman.

Phylogica said Mr von Roy became a director in 2005, shortly after the company's ASX listing and had resigned due "to other commitments in the international biotechnology sector".

Dr Wilson was appointed a director and company executive in December 2008.

He was formerly the senior executive responsible for global clinical trials at Boehringer Ingelheim.

Phylogica said substantial shareholder Anthony Barton has been appointed as a director.

The company said he had been a supporter of the company since inception and was the executive chairman of investment company the Australian Heritage Group.

Phylogica said Mr Barton had more than 30 years experience in capital markets, corporate finance, funds management and venture capital.

Chief scientific officer Dr Paul Watt has also assumed responsibility for business development in a new role as corporate development vice-president.

Dr Richard Hopkins has been promoted to chief operating officer, responsible for supervising the scientific research and development program and the general administration of the company.

Phylogica was up half a cent or 6.7 percent to eight cents.