



Biotech Daily

Thursday April 29, 2010

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH DOWN: LIVING CELL UP 9%, BIOTA DOWN 23%**
- * **BIOTA DIVES 24% ON GSK'S \$10m MARCH QUARTER RELENZA ROYALTY**
- * **IMPEDIMED HOPES FOR MARCH 2011 INCOME**
- * **PHOSPHAGENICS APPOINTS DR ESRA OGRU JOINT CEO**
- * **PRANA: PBT2 ALZHEIMER'S MECHANISM OF ACTION**
- * **HEALTHLINX SINGAPORE OVPLEX LAUNCH IN JULY**
- * **STIRLING ADDS INHALER DEVICE TO OTC AIDS, TB, FLU CURE-ALL**

MARKET REPORT

The Australian stock market fell 0.77 percent on Thursday April 29, 2010 with the S&P ASX 200 down 37.2 points to 4,785.6 points.

Thirteen of the Biotech Daily Top 40 stocks were up, 15 fell, 10 traded unchanged and two were untraded.

Living Cell was best, up three cents or 9.2 percent to 35.5 cents with 844,567 shares traded, followed by Cathrx up one cent or 6.25 percent to 17 cents with 205,326 shares traded.

Benitec and LBT climbed more than five percent; Sunshine Heart was up 3.1 percent; Circadian, Genetic Technologies, Prana and Psivida rose two percent or more; with Cochlear, Optiscan and Resmed up more than one percent.

Biota led the falls, down 44 cents or 22.98 percent to \$1.475 with 4.8 million shares traded, followed by Phosphagenics down 1.5 cents or 9.1 percent to 15 cents with 1.2 million shares traded.

Antisense, Nanosonics and Phylogica lost more than five percent; Acrux, Mesoblast and Tissue Therapies fell more than four percent; Starpharma was down 3.2 percent; Alchemia, Chemgenex and Clinuvel shed more than two percent; with Novogen and Pharmaxis down more than one percent.

BIOTA

Biota expects to receive a royalty payment of \$9.7 million from Glaxosmithkline for \$138 million sales of Relenza in the three months to March 31, 2010.

Biota's share price fell as much as 45.5 cents or 23.8 percent to \$1.46.

The royalty payment follows the previous quarter's record indicative royalty of \$32.6 million, \$24.1 million for the three months to September 30, 2009; \$8.9 million for the three months to June 30, 2009; and \$32.3 million for the three months to March 31, 2009.

Biota said the figures were calculated on an Australian dollar exchange rate of 1.6469 to the UK pound, but the actual payment would be calculated on the rate on April 30, 2010.

Biota said the quarterly sales might "signify governments' anticipated abatement of immediate concerns about swine flu and/or a delay in any implementation to extend or rebalance their national stockpiles, despite the pandemic's ... unpredictability".

The company cited World Health Organisation and US Centres for Disease Control saying that influenza activity was low in Europe and North America although 2009 H1N1 continued to be reported in small numbers and was expected to continue throughout Northern Hemisphere summer and in the Southern Hemisphere.

Biota said the June quarter was typically the lowest of the year.

The company said sales and royalties for the year and quarter ending June 30, 2010 were expected to be advised about July 22, 2010.

Biota closed down 44 cents or 22.98 percent to \$1.475 with 4.8 million shares traded.

IMPEDIMED

Impedimed chief executive officer Greg Brown has told a teleconference that the company expects to see significant earnings from March 2011.

The teleconference was to support the 65 cents a share, eight-for-one share rights issue which closes on May 7, 2010 and follows a \$10 million placement (BD: Apr 11, 2010).

Mr Brown said the critical issues were insurance coverage and reimbursement.

He said \$US100 (\$A108) would cover the costs of doctors running the company's lymphoedema test for women following breast cancer surgery, but the company could argue for a \$US200 to \$US250 reimbursement as a preventative health measure.

Impedimed's chief financial officer Donald Myll told the teleconference that the company expected to have coverage for 20 million people by March 2011.

Mr Brown said the company had licenced its test to Fresenius for use in kidney dialysis testing but said he could not disclose details of up-front fees or milestone payments.

Mr Myll said the placement and rights issue funds would contribute to an expansion of Impedimed's reimbursement and sales teams as well as marketing programs.

Impedimed was unchanged at 70 cents.

PHOSPHAGENICS

Phosphagenics has appointed chief operating officer Dr Esra Ogru as joint chief executive officer with founder Harry Rosen.

Phosphagenics said Dr Ogru holds a Bachelor of Science and a Doctorate of Philosophy and joined the company in 2001 as vice-president of research and development.

Dr Ogru was appointed as a director in 2005 and in January 2009 was appointed chief operating officer.

Mr Rosen said that a rapid rate of commercialization meant that he expected "to spend a lot more time in the US".

Phosphagenics fell 1.5 cents or 9.1 cents to 15 cents with 1.2 million shares traded.

PRANA BIOTECHNOLOGY

Prana says PBT2 for Alzheimer's disease appears to neutralize the neurotoxicity of amyloid beta, help clearance it from the brain and restore copper and zinc balance. Prana said it had published a position statement entitled 'PBT2 – evidence-based unique mechanism to treat AD' which was available at <http://www.pranabio.com>.

The company said the statement was an overview of a range of therapeutic strategies based on the amyloid hypothesis that aimed to reduce amyloid beta protein in the brain, in contrast to PBT2, where the therapeutic strategy was to clear amyloid beta from the brain and prevent it from becoming toxic, restoring normal neuronal function.

Prana chief executive officer Geoffrey Kempler said the statement was "important to address the many inquiries ... from patients and investors alike, who have expressed interest in better understanding Prana's technology especially in light of the fact that a number of well advertised clinical trials have failed to prove useful for Alzheimer's".

"It is essential that the role of amyloid in treating the disease is better understood and that novel and unique approaches such as offered by PBT2 are assessed on their merits," Mr Kempler said.

Prana said the paper explored the approaches of the anti-amyloid antibodies and secretase inhibitors and asked: "Whether direct intervention in brain [amyloid] beta level buildup is the optimal therapeutic strategy within the amyloid hypothesis, compared to prevention of [amyloid] beta induced toxicity of itself?"

Prana co-founder and Harvard University professor of neurology Prof Rudy Tanzi said that "unlike other approaches, Prana's PBT2 appears to both neutralize the neurotoxicity of [amyloid] beta while also facilitating it's clearance from the brain".

"In addition, PBT2 helps to restore the balance of metals like copper and zinc that are essential for normal neuronal function in the brain," Prof Tanzi said.

"This clearly differentiates PBT2 from other amyloid-targeted AD therapies," Prof Tanzi said. "It is my strong belief that PBT2 is among the very best therapies available for potentially slowing down disease progress."

Mr Kempler said Prana expected to begin a large phase IIb trial to consolidate the evidence that PBT2 improved cognition and lead it to be the market leader in Alzheimer's disease.

"The position statement, now available on our website, describes how PBT2 works and also puts PBT2 into the context of other approaches to the treatment of the disease," Mr Kempler said. "It is more accessible to the non-scientist than the academic publications containing this information."

Prana was up half a cent or 2.9 percent to 17.5 cents.

HEALTHLINX

Healthlinx says its Ovplex ovarian cancer diagnostic will be released in Singapore in July making it the third launch in 12 months.

Healthlinx said its distribution partner Inex had the rights to distribute the diagnostic in Singapore, Thailand, Vietnam, Malaysia, Indonesia and India.

The company said Inex planned to use Singapore to launch into other South East Asian countries and collectively the jurisdictions were an opportunity for 1.5 million tests .

The company said the royalty per test to Healthlinx would be about \$\$\$30 (\$A24).

Inex chairman Prof Mahesh Choolani said the Ovplex panel was a "substantial improvement" over existing tests which were only suitable in late stage disease.

Singapore is the third country to launch Ovplex after Australia and the UK.

Healthlinx fell half a cent or 3.1 percent to 15.5 cents with 3.7 million shares traded.

STIRLING PRODUCTS

Stirling says it is involved in a joint venture for an inhalation drug delivery platform.

Stirling said that commercial pre-production was “in the final stages of design completion” and it expected pre-production models to be available by the end of the year.

The company said it would seek 510k approval from the US Food and Drug Administration prior to large scale commercial production.

Stirling said the device had “demonstrated bio-equivalency for delivery of current inhalation drugs” and “in a number of applications, substantively less active drug (in comparison to typical orally delivered drugs) is required to provide the same medical benefit”.

Stirling has also been involved with a Kiev, Ukraine developed over-the-counter remedy, Immunoxel, which the company has said was effective for H1N1, tuberculosis and HIV.

Stirling was unchanged at one cent.