



Biotech Daily

Tuesday June 29, 2010

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH DOWN: HEARTWARE UP 7%, PHOSPHAGENICS DOWN 13%**
- * **NANOSONICS RENEWS TROPHON SHIPMENTS; US PLANS ON-TRACK**
- * **CATHRX, PIONEER MEDICAL EUROPEAN SUPPLY AGREEMENT**
- * **STARPHARMA DETAILS MONASH UNIVERSITY DENDRIMER GRANT**
- * **GENETIC TECHNOLOGIES, QUEST EXTEND NON-CODING DNA LICENCE**
- * **GENESIS PLACEMENT RAISES \$446k**
- * **CALZADA TAKES 16.1% OF AVEXA**
- * **DAVID LI, BANK OF EAST ASIA TAKE 31% OF BIODIEM**
- * **BIOPROSPECT SEEKS CLARIFICATION FROM SOLAGRAN**
- * **CORRECTION: SOLAGRAN, BIOPROSPECT**

MARKET REPORT

The Australian stock market fell 0.88 percent on Tuesday June 29, 2010 with the S&P ASX 200 down 38.8 points to 4345.7 points.

Six of the Biotech Daily Top 40 stocks were up, 21 fell, eight traded unchanged and five were untraded.

Heartware was best, up 16 cents or 6.8 percent to \$2.50 with 48,232 shares traded, followed by Cellmid up 0.1 cents or five percent to 2.1 cents with 240,000 shares traded. Sirtex climbed 2.3 percent; with Bionomics, Impedimed, Nanosonics and Resmed up more than one percent.

Phosphagenics led the falls, down 1.5 cents or 13.04 percent to 10 cents with 1.4 million shares traded.

Cellectis, Optiscan, Viralytics and Virax lost five percent or more; Cathrx, Living Cell, Patrys, Pharmaxis and Prima fell four percent or more; Acrux, Chemgenex and Prana were down more than three percent; Benitec, Clinuvvel, Genera, Genetic Technologies, Mesoblast, Tissue Therapies and Universal Biosensors shed more than two percent; with Cochlear down 1.05 percent.

NANOSONICS

Nanosonics says it has re-commenced production and shipment of its upgraded Trophon EPR ultrasound probe disinfection system.

In February Nanosonics identified “a component of a sub-assembly which is currently not meeting Nanosonics’ exacting quality assurance standards” in its commercial scale-up of production of the Trophon EPR (BD: Feb 26, 2010).

Today, the company said it had performed successful in-field performance evaluation of the latest Trophon EPR devices, was scaling-up production of the Trophon EPR and “implementing a series of initiatives to enhance production efficiency and output”.

Nanosonics said it had strong demand for the product both domestically and internationally and has commenced the installation of the previously announced order into a leading Australian diagnostic imaging organization.

The company said it had orders for more than three months of production capacity.

Nanosonics said it was in advanced discussion with a local high-technology manufacturing facility with ISO13485 medical device accreditation for substantial additional production capacity for the Trophon EPR, which was expected to come on-stream by October 2010.

Nanosonics said it had favorable feedback from its US regulatory consultants and said its regulatory strategy was “firmly on track”.

The company said it was finalizing specifications and validation of a chemical indicator which was a US-specific requirement to meet US regulatory standards.

Nanosonics said it had contracted a US-based company, with a track record of approvals with the US Food and Drug Administration to complete the final indicator specifications.

Pending completion of this work and FDA approval, Nanosonics said it was “on track for an initial product launch into the US market during 2011”.

Nanosonics was up one cent or 1.9 percent 53.5 cents.

CATHRX

Cathrx says Pioneer Medical Devices will manufacture and supply its electrophysiology catheter devices and components for the European Union.

Cathrx said it had signed a master partnership supply agreement with the Berlin-based Pioneer which it described as “a medical technology company focusing on the development, manufacture and reprocessing of innovative and complex medical devices”.

Cathrx said it would manufacture and supply electrophysiology catheter devices and components to Pioneer for a fixed term and Pioneer would remanufacture, refurbish, reprocess and market those devices with integrated Conformité Européenne (CE) mark throughout the European Union.

The company said it would receive revenue on the sale and re-use of its catheter devices and components.

Cathrx said the agreement contemplated future collaboration between the parties for the development of new re-processable products.

Cathrx chief executive officer Jeffrey Goodman said the agreement was “a major step forward”.

Pioneer chief executive officer Robert Schrödel said the agreement was “a visionary cooperation between Pioneer and Cathrx, with the goal of introducing disruptive technologies for patients, doctors and the health care industry throughout the European Union”.

“We must turn away from the throw-away mentality and commit to quality, sustainability and technological excellence,” Mr Schrödel said.

Cathrx fell one cent or four percent to 24 cents.

STARPHARMA

Starpharma says its \$420,000 four year Linkage grant with Monash University will advance research into the drug delivery potential of its nanotechnology dendrimers. Last week the Minister for Innovation Senator Kim Carr announced the Australian Research Council Linkage Projects grants, including the Starpharma collaboration with the Monash Institute of Pharmaceutical Sciences (BD: Jun 24, 2010).

Starpharma said today that the grant would assist in developing a drug delivery method "that may benefit thousands of patients with particular types of cancer, HIV and lymphatic conditions".

Starpharma chief executive officer Dr Jackie Fairley said the funds would assist the collaboration "to further understand the full potential of Starpharma's proprietary dendrimers in improving drug delivery".

The collaboration's lead researcher Prof Chris Porter said the technology had "particular implications for the treatment of diseases which are spread via the lymphatics and lymph nodes".

"Our work so far suggests that careful design of the size and surface characteristics of certain dendrimers provides an opportunity to boost delivery to the lymphatic system, signaling the potential to significantly improve patient treatment," Prof Porter said.

Starpharma said dendrimers were precisely defined bio-friendly molecules three to 10 nanometres in diameter, were approximately spherical in shape with a surface which had many different sites to which drugs and other functional groups might be attached, allowing optimization of how the drug interacts with the body.

Starpharma was unchanged at 54 cents.

GENETIC TECHNOLOGIES

Genetic Technologies has extended the original non-coding DNA licence of August 2003 granted to the San Clemente, California based Quest Diagnostics Inc.

Genetic Technologies said the amendment extended the terms of Quest's original non-coding license to regularize Quest's historical world-wide activities in relation to its genetic diagnostic and analysis products.

The company said the commercial terms of the Quest licence amendment were confidential.

Genetic Technologies said Quest was not a counterparty to Genetic Technologies' US patent infringement suit (BD: Feb 16, 2010) and the discussions on the licence extension "had occurred for some months".

Genetic Technologies chief executive officer Dr Paul MacLeman said the licenses were "a material source of non-dilutive funding which the company is using to build its global oncology franchise".

"The company has recently built on the non-coding patent estate which now runs out in 2022," Dr MacLeman said.

Genetic Technologies fell 0.1 cents or 2.8 percent to 3.5 cents.

GENESIS RESEARCH AND DEVELOPMENT

Genesis has raised \$446,278 in a placement of 7,437,941 shares at six cents each. Genesis said the placement was made to a group of investors represented by UBNZ Funds Management and the company was in discussions with the new investors about further investment.

Genesis fell one cent or 33.3 percent to two cents with 42,000 shares traded.

AVEXA, CALZADA

Calzada has increased its substantial shareholding in Avexa from 122,898,500 shares (14.5%) to 136,161,310 shares (16.06%).

Calzada said the 13,262,810 shares were acquired for \$424,233.72 or an average price of 3.2 cents a share.

Avexa was up 0.1 cents or 2.9 percent to 3.6 cents with 6.6 million shares traded.

Calzada fell 0.1 cents or 3.85 percent to 2.5 cents.

BIODIEM

David Kwok Po Li and the Bank of East Asia have increased their substantial shareholding in Biodiem from 15,000,000 shares (19.58%) to 24,000,000 shares (31.4%).

Mr Li said he bought the 9,000,000 shares for \$1,620,000 or 18 cents a share.

Mr Li's brother Prof Arthur Li was recently appointed a director of Biodiem (BD: May 7, 2010).

Last week, Biodiem said its rights issue at 18 cents a share raised \$3.5 million of the hoped for \$7.5 million (BD: Jun 24, 2010).

Biodiem fell one cent or 7.7 percent to 12 cents.

BIPROSPECT, SOLAGRAN

Bioprospect directors say they have not been advised by Solagran of any dispute in relation to the parties' rights and the performance of under the development agreement.

Bioprospect said it was responding to yesterday's Solagran announcement that referred to the development agreement of August 22, 2007 (BD: Aug 23, 2007) and the directors have sought clarification from Solagran, the company said.

Bioprospect said it had been progressing the development of Solagran's conifer green needle extract Bioeffectives range of products into the fields of animal health, animal nutrition and agriculture.

Solagran fell two cents or 13.3 percent to 13 cents.

Bioprospect was untraded at 1.7 cents.

CORRECTION: SOLAGRAN, BIOPROSPECT

Last night's edition on the issues between Solagran and Bioprospect restated the agreement from August 2007 (BD: Aug 23, 2007) saying Solagran would be entitled to two seats on the Bioprospect board "which were initially filled by chairman Dr Vagif Soultanov and director Denis Kilroy".

Bioprospect company secretary Colin Johnston told Biotech Daily today that Dr Soultanov and Mr Kilroy were never appointed to the Bioprospect board.

Mr Johnston said the process was disrupted by other matters including the Opes Prime share-brokering crisis and Solagran's Charles Pellegrino and Peter Stedwell were appointed on September 1, 2008.

We apologize for any confusion.