Biotech Daily

Thursday June 3, 2010

Daily news on ASX-listed biotechnology companies

*** ASX, BIOTECH UP: CATHRX UP 36%, NOVOGEN UP 35%; VIRAX DOWN 6%**

*** WEHI IDENTIFIES BLOOD-THINNING FOR MALARIA**

*** CATHRX PLACES RIGHTS SHORTFALL, RAISES FULL $11.2m**

*** SUNSHINE HEART LAYS GROUND WORK FOR $47m PIVOTAL TRIAL**

*** PRIMA WINS CVAC EUROPEAN ORPHAN DRUG DESIGNATION**

*** BIO-MELBOURNE BREAKFASTS ON VALUE PERCEPTION**

*** COCHLEAR NUCLEUS 5 WINS RED DOT DESIGN GONG**

MARKET REPORT

The Australian stock market rebounded 2.4 percent on Thursday June 3, 2010 with the S&P ASX 200 up 105 points to 4486.0 points.

Fifteen of the Biotech Daily Top 40 stocks were up, eight fell, 13 traded unchanged and four were untraded. All three Big Caps were up.

Cathrx was best, up six cents or 36.4 percent to 22.5 cents with 45,634 shares traded followed by Novogen up 6.5 cents or 35.1 percent to 25 cents with 1.1 million shares traded.

Clinuvel and Genetic Technologies climbed more than eight percent; Alchemia and Psivida were up more than three percent; Starpharma, Tissue Therapies and Viralytics rose more than two percent; with Bionomics, Biota, Chemgenex, Circadian, CSL, Optiscan and Sirtex up more than one percent.

Virax led the falls, down half a cent or 6.3 percent to 7.4 cents with 53,200 shares traded.

Living Cell lost 4.1 percent; Impedimed and Phosphagenics were down more than three percent; with Mesoblast down 1.85 percent.

WALTER AND ELIZA HALL INSTITUTE FOR MEDICAL RESEARCH

The Walter and Eliza Hall Institute says its scientists have found that molecules similar to the blood-thinning drug heparin can stop malaria from infecting red blood cells.

The Institute said the most common form of malaria was caused by the mosquito-borne parasite Plasmodium falciparum which burrowed into red blood cells where it rapidly multiplied, leading to massive numbers of parasites in the blood stream that can cause severe disease and death.

The Institute said that all anti-malarials licenced for human use blocked the development of the parasite within the red blood cell, but Dr James Beeson, Michelle Boyle and Dr Jack Richards from the institute's infection and immunity division, along with colleagues at the Burnet Institute and Imperial College London, had identified a new approach that could stop the parasite infecting red blood cells in the first place.

Dr Beeson said that using real-time video microscopy of red blood cell infection, the team showed that heparin-like carbohydrates blocked the ability of the malaria parasite to infect cells.

"The malaria parasite needs a protein called MSP1 if it is to infect red blood cells as MSP1 is involved in the initial attachment of the parasite to the cells," Dr Beeson said.

"We have shown that heparin-like carbohydrates bind to MSP1 which stops the parasite from properly attaching to the red blood cell and, therefore, from invading," Dr Beeson said.

The findings are published today in the international journal' Blood' and have raised the prospect of developing new anti-malarials that are based on the structure and activity of heparin-like molecules.

An abstract of the paper entitled 'Interactions with heparin-like molecules during erythrocyte invasion by P. falciparum merozoites' is at: http://tinyurl.com/244r4ql.

Although humans produce heparin-like molecules naturally, they do not occur at high enough levels in the blood to have anti-malarial activity, Dr Beeson said.

"Heparin itself wouldn't be suitable as an anti-malarial as it prevents blood clotting," Dr Beeson said.

"However, we have identified related compounds that are more potent against malaria than heparin but do not prevent blood clotting- these could form the basis of new anti-malarial drugs," Dr Beeson said.

The Walter and Eliza Hall Institute said that each year more than 400 million people contract malaria and about one million people, mostly children, die from the disease.

CATHRX

Cathrx says it has raised more than its target placement of $4.9 million in shortfall shares from its one-for-one rights issue at 16 cents per share.

Cathrx said when it announced the rights issue in March 2010 that it hoped to raise up to $11.2 million (BD: Mar 18, 2010).

In April the company said the rights issue raised $6.3 million and it would attempt to place the shortfall (BD: Apr 21, 2010).

Today the company said it received applications for more than the available shortfall shares.

Cathrx said that pending approval of resolutions at its general meeting on June 16, 2010, the placement shares would be issued on or about June 18, 2010.

Cathrx was up six cents or 36.3 percent to 22.5 cents.

SUNSHINE HEART

Sunshine Heart's chief executive officer David Rosa has completed three days of investor briefings in Eastern Australia, preparing his company for the road to a pivotal trial.
Mr Rosa said the company would require $US40 million ($A47 million) to complete a phase III pivotal trial of the companies C-Pulse aorta cuff pump system.
The system is currently in a phase I safety trial in the US and Mr Rosa said the ninth of 20 patients was about to be implanted and Sydney's St Vincent's Hospital had joined the trial.
Mr Rosa said that the company would raise the necessary funds in stages following the completion of the phase I trial enrollment expected about October 2010.
He said he expected to submit an application for Conformité Européenne (CE) mark approval after the completion of the trial in October 2010 and hoped it would be approved by October 2011.
Mr Rosa said the C-Pulse system had a range of advantages over other systems in that it wrapped around the aorta and had no direct blood contact.
Patients could disconnect the cuff for short periods to shower and could sleep without the system connected.
He said the C-Pulse system was intended for stage III patients but two patients in the trial were early stage IV patients who would more typically require a ventricular assist device.
Mr Rosa said the longest surviving patient had the C-Pulse implanted for 10 months.
He said the surgery time for implanting the C-Pulse was about one hour and significantly less than that for a left ventricular assist device and the company was working on a less invasive method of implanting which would further reduce surgery and recovery time.
Mr Rosa said the C-Pulse trial had shown a few site infections which were treated with antibiotics but thus far had seen no serious adverse events.
He said that the company had funds for about 10 months of operations and expected to earn revenues from implants.
Mr Rosa said the C-Pulse already had reimbursement in the US and expected that would continue in the larger trial.
He said Sunshine Heart had at least two options for the pivotal trial and was considering the different approaches.
Sunshine Heart was unchanged at 3.7 cents.

PRIMA BIOMED

Prima says its CVac ovarian cancer vaccine has been granted orphan medicinal product designation by the European Medicines Agency.
Prima said that orphan product designation would provide "major benefits" during CVac's development process in Europe.
The company said the key incentives included the exclusive rights to the cure or treatment for a specific condition for a period of 10 years after market approval and tax reductions.
Prima said that orphan designation provided incentives to pursue cures and treatments for rare diseases, such as ovarian cancer, including fast tracking, research support, eligibility for protocol assistance and possible exemptions in certain regulatory fees during development or at the time of application.
Prima's chief executive officer Martin Rogers said the designation was "a significant step in the company's goal of commercializing CVac".
Prima said it had commenced phase IIb clinical trial for CVac in the US and Australia and continued planning for a European phase III trial.
Prima was unchanged at 14 cents with 8.2 million shares traded.

BIO-MELBOURNE NETWORK

The Bio-Melbourne June 8, 2010 Bio-Breakfast will explore the perception and identification of enterprise value.

Wilson HTM Investment Group's head of life sciences research Dr Graeme Wald and Phosphagenics' joint chief executive officer Esra Ogru will provide an analyst point of view and a biotechnology executive view, respectively, of what gives companies value.

Bio-Melbourne Network chief executive officer Michelle Gallaher said the "vast majority of biotechnology companies struggle with the identification and perceptions around value, particularly early stage valuation".

"Valuation is considered an esoteric concept by many and is frequently misunderstood and often highly contentious," Ms Gallaher said.

The Network said Dr Wald would illustrate what investors and analysts want, in terms of valuing biotechnology companies.

The Bio-Melbourne Network said Dr Wald would discuss whether biotechnology companies were being judged and valued more harshly today or if it was becoming easier to assign value as the sector matured over the past five years.

The Network said Dr Wald would also focus on whether success breeds success from an investment perspective and how the biopharma environment has impacted valuations.

The Network said Dr Ogru would present on their decision to diversify, while keeping the company's eye on the longer term therapeutic goals of their core technology and how this strategy was realizing value for the company and its shareholders.

Dr Ogru will discuss her understanding of Phosphagenics investors' expectations and how her strategy is driving and delivering value.

The Bio-Breakfast will be held at the Supper Room, Melbourne Town Hall, Swanston Street, Melbourne, with registration from 7:15am and presentations at 8am. For more information and to register go to: http://www.biomelbourne.org/events/view/133.

COCHLEAR

Cochlear says it has won the Red Dot Product Design Award for 2010 for its Nucleus 5 System for people with severe to profound hearing loss.

Cochlear said the Red Dot Awards were run by Germany's Design Zentrum Nordrheim Westfalen and the award for product design was "only awarded to outstandingly creative, innovative and high quality products".

Cochlear said the Cochlear Nucleus 5 had "a range of significant advances" including the thinnest and strongest ear implant with a sophisticated sound processor with an automatic phone detection feature, software upgrades with significant improvements in functionality and the first hand-held remote assistant for day-to-day system management.

Cochlear chief executive officer Dr Chris Roberts said the Nucleus 5 was "our fifth generation implant and our eighth generation sound processor, developed in close collaboration with professionals, candidates and recipients from around the world".

"The system is smaller, stronger and smarter - and with its world-leading performance is a real breakthrough in hearing implant technology," Dr Roberts said.

Cochlear climbed 20 cents or 0.3 percent to $74.99.