



Biotech Daily

Tuesday May 11, 2010

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH DOWN: BONE UP 12.5%; GENETIC TECHNO DOWN 16%**
- * **NARHEX RESURRECTION TO CONTINUE HIV DRUG DEVELOPMENT**
- * **ACRUX WINS LURAMIST ASSETS BACK FROM VIVUS**
- * **GENERA, HEALTHSCOPE DEVELOP RESPIRATORY DIAGNOSTICS**
- * **CAPITAL GROUP CLIENTS REDUCE 1% IN COCHLEAR**
- * **MAYO CLINIC BACKS ATCOR'S CENTRAL BLOOD PRESSURE MEASURE**
- * **BONE APPOINTS NY'S VIRIATHUS ADVISORS**

MARKET REPORT

The Australian stock market fell 1.1 percent on Tuesday May 11, 2010 with the S&P ASX 200 down 51.8 points to 4548.0 points.

Twelve of the Biotech Daily Top 40 stocks were up, 16 fell, six traded unchanged and six were untraded.

Bone was best, up 1.5 cents or 12.5 percent to 13.5 cents with 167 shares traded.

Clinuvel and Genera climbed more than six percent; Antisense was up 5.9 percent; Prima was up 3.45 percent; Living Cell, Resmed, Tissue Therapies and Universal Biosensors rose more than two percent; with Acrux, Alchemia, Cellestis and Impedimed up more than one percent.

Genetic Technologies led the falls, down 0.7 cents or 16.3 percent to 3.6 cents with 207,727 shares traded.

Cellmid and Circadian lost more than eight percent; Avexa fell a further 6.7 percent to 2.8 cents with 38.9 million shares traded; Benitec was down five percent; Starpharma fell 4.2 percent; Cathrx, Optiscan and Phosphagenics were down more than three percent; Heartware, Nanosonics and Sunshine Heart shed more than two percent; with CSL and Novogen down more than one percent.

NARHEX LIFE SCIENCES

Narhex is expected to be recapitalized and with new directors and as part of a joint venture continue its work developing drugs for HIV.

Narhex has faced considerable difficulties including the death of its then chairman and acting managing director Dr Michael Cohen in November 2009, an ASX suspension over non-payment of listing fees (BD: Aug 25, 2009).

Hall Chadwick administrators Richard Albarran and David Ross have been appointed administrators of a deed of company arrangement executed on May 7, 2010.

Mr Ross told Biotech Daily that Narhex assets would be transferred to a wholly-owned subsidiary that would form a joint venture with Tittel Pty Ltd - a company involving former directors. Following recapitalization, the company would continue HIV drug development. Mr Ross said the proposal required approval by meetings of creditors and shareholders.

Tittel is a company related to former Narhex chairman David Mandel who resigned earlier this year (BD: Jan 28, 2010) and the executive director for China operations Peter Nash. Mr Mandel told Biotech Daily that Tittel had commitments and underwriting for about \$1 million and would hope to raise a further \$2 million.

Mr Mandel said he hoped to have the company operational by the end of the year either through the joint venture or as Narhex.

He said the entity would continue to develop its DG17 compound for HIV and its China investments.

Last year, Narhex was preparing to resume operations and told the ASX that its assets included DG17, an investment in the Cavidia diagnostics platform bought from Sweden as well as leasehold property in China (BD: Jul 17, 2009).

Dr Cohen told Biotech Daily at that time the intention was to develop the products in China and develop a revenue stream in China.

Narhex was suspended from trading on March 3, 2008 for failing to lodge half-yearly accounts for the six months to December 31, 2007, which were lodged in July 2009.

The company had a \$350,000 line of credit convertible note provided by Dr Cohen.

Narhex last traded at 1.6 cents.

ACRUX

Acrux has settled its disputes with Vivus Inc over its Luramist testosterone spray for women (BD: Apr 1, 2010).

Acrux said the testosterone development and commercialization agreement had been terminated with immediate effect.

The company said Vivus would assign the trademark 'Luramist' to Acrux and would transfer related assets, including clinical trial materials, applicator inventories, US Food and Drug Administration (FDA) correspondence, improvements and know-how.

Acrux said no cash payments would be exchanged.

The settlement follows an arbitration process convened by California's Judicial Arbitration and Mediation Service after Vivus failed to progress phase III development of Luramist.

Acrux chief executive officer Dr Richard Treagus said his company was able "to consider all options for the global development and partnering of Luramist, in order to realize full value for Acrux's shareholders".

"We are very pleased with this outcome, which has vindicated the action taken to enforce our rights under the original licence agreement," Dr Treagus said.

"Luramist has the potential to be a best-in-class product for the treatment of hypoactive sexual desire disorder in women," Dr Treagus said.

Acrux was up 2.5 cents or 1.3 percent to \$1.90.

GENERA BIOSYSTEMS

Genera says it will collaborate with Healthscope Pathology to develop a molecular diagnostic test for up to 18 different respiratory tract pathogens.

Genera said the RTI-plex test will be based on the same Ampasand diagnostic platform used in its Paptype test for human papillomavirus, also used in Healthscope's diagnostic laboratories.

Healthscope's advanced pathology scientific director Dr Keith Byron said that Healthscope was "looking to position itself as a provider of differentiated and value-added diagnostic tests to its doctors".

"Paptype has been an extremely useful and successful product for us for several years, providing our customers with more valuable and actionable clinical data than that provided by other HPV tests," Dr Byron said. "We see RTI-plex as doing the same".

Genera said RTI-plex would be able to distinguish between a number of different infectious agents present in a clinical specimen.

The company said the target organisms would include a range of different influenza types, including the H1N1 strain responsible for the 2009 epidemic, as well as respiratory syncytial virus (RSV), an important pathogen in children and adults suffering from bronchial disease and severe acute respiratory syndrome (SARS).

Genera said that the global market opportunity for RTI-plex was up to \$US200 million in a normal year, but the emergence of newer pathogens could cause test volumes to increase substantially.

"In 2009, at the height of the swine influenza pandemic, influenza test requests coming in to our laboratory increased approximately 20-fold over normal levels," Dr Byron said.

Genera said Healthscope would provide funds to develop RTI-plex to a point where it can be self-validated by Healthscope for use in its own laboratories.

Genera said it would then take the product through regulatory approvals and retain the right to pursue a range of distribution models, including possible out-licencing.

Genera chairman Fernando Careri said the model "worked very well for us previously with Paptype and is very much a win-win for both parties".

"Healthscope gets early access to a new test, providing a competitive edge in the Australian pathology market, while Genera's costs of bringing a new product to market are offset by Healthscope's contribution," Mr Careri said.

Genera chief executive officer Dr Allen Bollands said the project was "precisely in line with our overall strategic plan, which is to build value into the business by exploiting our versatile Ampasand detection platform".

"Having a menu of tests to offer potential customers is critical in the diagnostics space, and we're continuing to work to identify other high value opportunities that complement RTI-plex and Paptype," Dr Bollands said.

Genera climbed four cents or 6.6 percent to 65 cents.

COCHLEAR

The US based Capital Group Companies has reduced its substantial shareholding in Cochlear from 7,322,475 shares (13.03%) to 6,786,361 shares (12.00%).

Capital Group had been increasing its holding since November 3, 2008 when it had 8.80 percent of the company and last increased its holding in September 2009.

Capital Group said it did not own shares in Cochlear but held them on account for Capital Research and Management Company.

The 536,114 shares were sold at an average price of \$66.97.

Cochlear climbed one cent or 0.01 percent to \$75.41.

[ATCOR MEDICAL](#)

Atcor says an article in the May 2010 edition of the journal Mayo Clinic Proceedings cites advantages of its non-invasive central blood pressure measurement.

Atcor said the article entitled 'Non-invasive Measurement of Central Vascular Pressures With Arterial Tonometry: Clinical Revival of the Pulse Pressure Waveform' says "central pressures are a better predictor of cardiovascular outcome than conventional blood pressure measurements taken at the arm; brachial blood pressure measurements taken at the arm do not accurately reflect central pressures; and medications affect central and brachial blood pressures differently".

The abstract is at <http://www.mayoclinicproceedings.com/content/85/5/460.abstract>.

Atcor said the article reviewed the physiological basis, methodology and history of non-invasive central pressure assessment and its application to patient management, summarizing articles published in medical literature from 1995-2009 and based on the accumulated evidence provided recommendations for clinical application of central blood pressure assessment.

The company said the Mayo Clinic also released an eight minute video featuring its Sphygmocor technology narrated by one of the article's authors Dr Jan Stepanek.

The video is available on the Mayo Clinic Proceedings website and at Atcor's website www.atcormedical.com under clinical discussion and shows non-invasive central pressure assessment in use at the Mayo Clinic, including case studies showing the benefits of the technology in patient management.

Atcor was untraded at 11.5 cents.

[BONE MEDICAL](#)

Bone has appointed Viriathus Capital as investment banker, financial advisor and consultant.

Bone said the New York-based Viriathus provided emerging growth companies with investment banking services, research and consulting services

Bone said the engagement encompassed detailed research, raising awareness and undertaking fund raising programs in the US and Australia, on a success fee basis, to assist commercialize its biopharmaceutical projects for bone and joint disease.

Bone was up 1.5 cents or 12.5 percent to 13.5 cents.