



Biotech Daily

Monday May 3, 2010

Daily news on ASX-listed biotechnology companies

- * **APRIL NO WASTE LAND – BDI-40 DOWN 2.4%:
CATHRX UP 73%, BIOTA LOSES 35%**
- * **TODAY: ASX, BIOTECH DOWN: HEARTWARE UP 10%; OPTISCAN DOWN 9%**
- * **GSK 2009 SALES UP 30% TO \$1.88bn, HELPED BY BIOTA'S RELENZA**
- * **FEDERAL, QUEENSLAND GOVERNMENTS CONTRACT DSM BIOLOGICS**
- * **BPH'S CORTICAL DYNAMICS PRESENTS ANAESTHESIA DATA**
- * **GENETIC TECHNOLOGIES NON-CODING DNA LICENCE TO GEN-PROBE**
- * **GENESIS HALTS NEW ZEALAND OPERATIONS**
- * **MESOBLAST REQUESTS MERGER OR ACQUISITION TRADING HALT**
- * **GIACONDA HAS LESS THAN ONE QUARTER CASH**
- * **ANDREW GOODALL INCREASES TO 16% IN NUSEP**
- * **AUSTRALIAN STEM CELL CENTRE TEACHES STEM CELL TECHNIQUES**

MARKET REPORT

The Australian stock market fell 0.46 percent on Monday May 3, 2010 with the S&P ASX 200 down 21.9 points to 4785.5 points. Eight of the Biotech Daily Top 40 stocks were up, 18 fell, five traded unchanged and nine were untraded.

Heartware was best, up 15 cents or 9.8 percent to \$1.68 with 220,142 shares traded followed by Biota up 11 cents or 8.15 percent to \$1.46 with 2.5 million shares traded.

Avexa, Cellestis and Resmed climbed four percent or more; Circadian, Genetic Technologies and Tissue Therapies rose more than two percent; with Living Cell up 1.32 percent.

Optiscan led the falls, down half a cent or 8.9 percent to 5.1 cents with 21,150 shares traded. Antisense, Impedimed, Prana and Prima lost five percent or more; Patrys fell four percent; Cellmid and Universal Biosensors were down more than three percent; Chemgenex, Clinuvel, QRX and Viralytics shed more than two percent; with Genera, Nanosonics and Sirtex down more than one percent.

[BIOTECH DAILY TOP 40 INDEX](#)

Although 24 of the Biotech Daily Top 40 Index (BDI-40) companies fell in April with only 12 climbing, April was not the cruellest month after all (TS Eliot).

The BDI-40 fell 2.4 percent in April 2010 compared to the S&P ASX200 losing 1.4 percent, but for the year to April 30, 2010 the BDI-40 was up 60.6 percent compared to the ASX200 up 27.1 percent.

The BDI-20 lost 4.6 percent in April, mostly due to Biota's April 29 sudden tumble, but 16 Top 20 companies fell during the month. The Second 20 countered the fall, climbing 12.0 percent in April led by Cathrx recovering from overselling. The BDI-20's Living Cell hit its largest market capitalization since listing.

CSL fell 10.6 percent on competitor claims that Obamacare could decrease sales by increasing market size, along with a paediatric influenza vaccine scare. The Big Caps of Cochlear, CSL and Resmed (which are not included in the BDI-40) collectively fell 7.9 percent. Cochlear was up 1.3 percent to \$4,171 million, while Resmed fell 4.4 percent to \$5,117 million despite posting record March quarter and year-to-date revenue and profits.

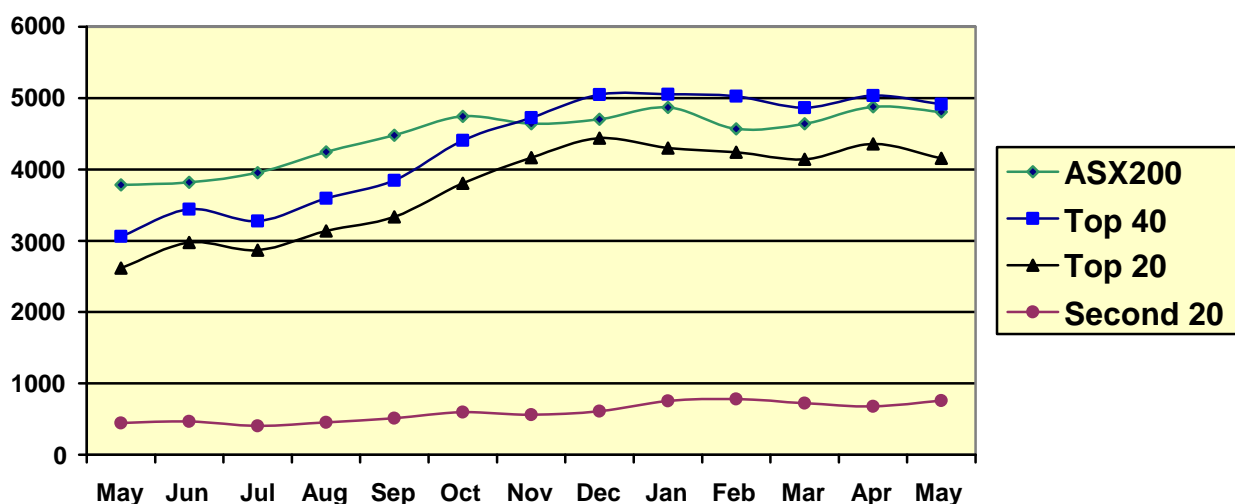
Twelve BDI-40 companies were up, 24 fell, with four unchanged.

Cathrx was the best in April, recovering its March \$9 million tumble, up \$8 million or 72.7 percent to \$19 million, followed by Living Cell up 42.6 percent to \$97 million, QRX up 31.9 percent to \$124 million, Genetic Technologies up 30.8 percent to \$17 million, Phosphagenics (30.6%), Prana (25.8%), Psivida (21.8%), Prima (15.8%) and Heartware (9.8%). Outside the Top 40, CBio recovered 42.1 percent to \$27 million.

Biota led the falls, down 35.0 percent to \$264 million, followed by Uscom down 30 percent on small volumes to \$20 million, Antisense down 23.0 percent to \$10 million, Optiscan (22.2%), Compumedics (21.9%), Acrux (15.2%), Viralytics (13.6%) and Avexa (13.4%).

Biotechs raised \$34,798,000 in April.

Biotech Daily Top 40 (\$m) v S&P ASX 200 2009-2010



GLAXOSMITHKLINE

Glaxosmithkline (GSK) Australia says sales grew by 30 percent in 2009 to \$1.88 billion with a profit of \$104 million.

Glaxosmithkline said in its report to the Australian Securities and Investments Commission (ASIC) for the year to December 31, 2009 that sales in pharmaceuticals were up by 35 percent to \$1,494m, consumer healthcare sales were up 10 percent to \$301 million and chemicals primarily poppy production for the pain relief market was up by 32 percent to \$85 million.

A Glaxosmithkline spokeswoman told Biotech Daily that sales of Biota's Relenza made up a substantial part of the total sales and about one third of pharmaceutical sales.

GSK's Australia and New Zealand general manager of pharmaceuticals Deborah Waterhouse said in its report that was "a strong result for the Australian business and in confirming our commitment to this country we are opening new premises in Abbotsford, Victoria for pharmaceuticals this year".

Glaxosmithkline's consumer healthcare general manager Graham Read said his section's sales growth was driven by strong sales of Panadol products, including the recently launched Panadol Osteo as well as increased sales of smoking cessation Nicabate products.

"Growth in Pharmaceuticals within Australia was one percent, helped by \$44 million sales of Relenza for flu pandemic preparedness," Ms Waterhouse said.

"The remainder of the growth in pharmaceuticals came from export of finished products for sale by GSK in other markets," Ms Waterhouse said.

"Sales of off-patent products have declined year-on-year at 18 percent due to price cut impacts from [Pharmaceutical Benefits Scheme] reform and continued expansion of generic medicine," Ms Waterhouse said.

Glaxosmithkline said investment in research and development increased to \$45.2 million or 2.4 percent of sales revenue and ranked as one of Australia's top 15 business investors in this area.

"GSK has a very strong discovery pipeline that is the foundation of bringing new medicines to market," Ms Waterhouse said.

"In Australia, we continue to collaborate with a large number of university and research institutions, including more than 30 separate discovery projects and strongly support our Australian clinical trials program," Ms Waterhouse said.

"A clinical trial program based in Australia gives access to new medicines which may be otherwise out of reach," Ms Waterhouse said.

Glaxosmithkline said exports totalled \$943 million in 2009.

Glaxosmithkline said it had four manufacturing facilities in Australia with pharmaceutical products manufactured in Boronia on the outskirts of Melbourne, which the company described as one of its largest sterile facilities globally and included two Relenza lines and innovative blow-fill-seal technology.

Operations were expanded in 2009 due to increased world demand for Relenza, the company said.

"GSK Australia is proud to work with Australian biotech companies to bring innovative medicines to the world and our partnership with Biota on Relenza is an excellent example of these Australian based collaborations," Ms Waterhouse said.

The company said Panadol and Macleans brands were manufactured at Ermington, in north-western Sydney with facilities in Latrobe, Tasmania and Port Fairy, Victoria, supporting morphine and other opiate production for the pain relief market.

[FEDERAL GOVERNMENT, QUEENSLAND GOVERNMENT, DSM BIOLOGICS](#)

The Federal and Queensland Governments say DSM Biologics will operate Australia's first major contract manufacturing facility for biologic drugs and therapeutics.

A joint media release said Federal Innovation Minister Senator Kim Carr and Queensland Premier Anna Bligh announced the contract at the Biotechnology Industry Organization meeting in Chicago.

The media release said the Queensland Government provided \$7 million in seed funding for the facility under its 10 year Biotechnology Strategic Plan and the Federal Government was investing \$10 million.

The Governments said the facility was being built in partnership with the Queensland Government-owned Biopharmaceuticals Australia and would be located with the Translational Research Institute on the Princess Alexandra Hospital campus in Brisbane. "This facility will fill a huge gap in Australia's biotechnology infrastructure", Senator Carr said. "It will make the Translational Research Institute one of the few places in the world that can turn research discoveries into real-world treatments for patients."

Ms Bligh said the facility would be "a turning point in the development of Queensland's biotechnology industry".

"We have a plan to make this industry worth \$20 billion and employ 16,000 people by 2025," Ms Bligh said.

The media release said the facility would allow local companies to make the relatively small quantities of biopharmaceuticals needed for early-stage clinical trials.

Biopharmaceuticals are produced in live cells from plants and animals, especially mammals, which most resemble humans, and were being developed for conditions such as rheumatoid arthritis, hepatitis and cancer, the media release said.

"An estimated \$60 million goes offshore every year to manufacturers of small-scale drug and therapeutic compounds because we can't do this kind of work in Australia," Ms Bligh said. "The partnership with DSM Biologics is about to change all that."

The remaining \$45 million to build the facility will come from the Translational Research Institute funding pool with \$140 million from the Federal Government and \$100 million from the Queensland Government, with philanthropic and institutional contributions.

The Translational Research Institute is headed by Prof Ian Frazer and is expected to open in 2012, with Biopharmaceuticals Australia expected to begin manufacturing by 2013.

[BPH CORPORATE, CORTICAL DYNAMICS](#)

BPH Corporate says physiologically motivated approaches to analyzing brain electrical activity can deliver more sensitive approaches to monitoring brain activity during surgery.

BPH (formerly Biopharmica) said that its 3.6 percent subsidiary Cortical Dynamics had presented a poster entitled 'Propofol and Remifentanyl Differentially Modulate Frontal Electroencephalographic Activity' at the Australian and New Zealand College of Anaesthetists and Faculty of Pain Medicine meeting.

Swinburne University researcher and technology inventor Prof David Liley said that "the results detailed in this poster show unequivocally that physiologically motivated approaches to analyzing the brain's electrical activity can deliver more sensitive approaches to monitoring brain activity during surgery".

"In particular these results suggest that the states of unconsciousness and analgesia might be able to be independently monitored, potentially enabling anaesthesia during surgery to be more optimally delivered," Prof Liley said.

BPH fell 0.1 cents or 1.3 percent to 7.7 cents.

GENETIC TECHNOLOGIES

Genetic Technologies says it has signed a licence agreement for its non-coding patents with the San Diego-based Gen-Probe Inc.

Genetic Technologies chief executive officer Dr Paul MacLeman told Biotech Daily that the terms of the licence were confidential.

In a media release Genetic Technologies said the licence covered the world-wide activities of Gen-Probe in relation to its genetic diagnostics and analysis products.

The company said discussions with Gen-Probe began as a result of Genetic Technologies' previously announced patent infringement suit, filed in the US District Court, Western District of Wisconsin (BD: Feb 16, 2010).

"We are pleased that in this instance the parties have, through good faith efforts on both sides, been able to avoid litigation and have come to a mutually agreeable outcome," Dr MacLeman said.

"We remain committed to working with other companies that utilize our technology to regularize their activities and trust we can come to similar understandings with those parties in due course," Dr MacLeman said.

The company said discussions with other parties were "ongoing and progressing". Genetic Technologies was up 0.1 cents or 2.4 percent to 4.2 cents.

GENESIS RESEARCH AND DEVELOPMENT

Genesis Research and Development says it has suspended New Zealand operations due to lack of funding.

Genesis said it was negotiating several transactions intended to maintain value for shareholders.

Genesis said Solirna Biosciences had made substantial progress with development of its single stranded gene silencing technology and funding of Solirna was being discussed with development of the technology likely to be undertaken overseas.

The company said negotiations with Pure Power Global for the settlement of the outstanding debt relating to the sale of Biojoule had been continuing for a long period.

An initial deposit is being paid and complete settlement is intended to occur in May.

Genesis said it was discussing a proposed transaction to acquire a company with several therapeutic development projects, including one that was close to entering clinical development.

The vendors have indicated that funds are available to allow Genesis to make a placement of shares which would raise approximately \$450,000, with further more significant funding likely to follow.

Existing Genesis assets, including its royalty rights, and equity interests in Solirna Biosciences and Real Time Genomics, may be transferred to a separate entity.

Existing Genesis shareholders would then receive shares in that new entity and would continue to hold their existing shares in Genesis.

Genesis was untraded at 3.1 cents.

MESOBLAST

Mesoblast has requested a trading halt pending an announcement on "a major commercial transaction regarding a merger or acquisition".

Trading will resume on May 5, 2010 or on an earlier announcement.

Mesoblast last traded at \$1.935.

GIACONDA

Giaconda says its net operating cash burn for the three months to March 31, 2009 was \$85,000 with cash at the end of the quarter of \$59,000.

In previous announcements Giaconda said it had a \$250,000 loan facility and directors said they would provide interest free loans to the company (BD: Jan 29, 2010).

No one was available at Giaconda to speak with Biotech Daily at the time of publication.

Giaconda was untraded at four cents.

NUSEP

Andrew Goodall has increased his substantial shareholding in Nusep from 3,669,832 shares (14.96%) to 5,600,126 shares (16.3%).

In the substantial shareholder notice Mr Goodall said he bought the shares in the recent one-for-two rights issue for \$390.398 or 20 cents a share.

Nusep was up half a cent or 2.2 percent to 23 cents.

AUSTRALIAN STEM CELL CENTRE

The Australian Stem Cell Centre says it will train researchers in the techniques of growing and using human-induced pluripotent stem cells in research.

The Australian Stem Cell Centre said that through its national facility for the provision of stem cells and advice Stemcore it was continuing to help build the Australian stem cell research community.

The Centre said that induced pluripotent stem cells were discovered in 2006 when Japanese scientists reprogrammed skin cells into versatile stem cells.

The Centre said the stem cells had made a significant impact on Australian research and were recognized as "one of the most important developments in stem cell research in recent times".

The Australian Stem Cell Centre said the Stemcore induced pluripotent stem cells workshop course was an intensive hands-on laboratory based training course, which allowed participants to gain direct experience in growing and analyzing human pluripotent stem cells.

The training courses will be held at the Australian Institute for Bioengineering and Nanotechnology located within the University of Queensland, led by Prof Ernst Wolvetang, with the Monash Institute of Medical Research's, Dr Paul Verma, the Commonwealth Scientific and Industrial Research Organisation's Dr Andrew Laslett and Dr Jeremy Crook of the O'Brien Institute and Cytentia, an iPS cell bank.

The Centre said the inaugural course was fully booked.

Several courses are expected to be run each year and further details can be obtained from the Australian Stem Cell Centre.

BIOTECH DAILY'S TOP 40 WITH MARKET CAPITALIZATION

Company \$Am	May-2009	Apr-2010	May 2010
Cochlear	2,786	4,119	4,171
CSL	20,772	21,118	18,877
Resmed	4,021	5,354	5,117
Top 20			
Acrux	96	376	319
Alchemia	57	117	103
Antisense	24	13	10
Avexa	42	127	110
Bionomics	61	107	99
Biota	257	406	264
Cellestis	269	285	280
Chemgenex	101	123	109
Clinuvel	88	80	70
Genera	22	41	37
Heartware	306	663	728
Impedimed	62	82	87
Living Cell	43	68	97
Mesoblast	103	286	268
Nanosonics	33	136	126
Novogen	47	45	44
Pharmaxis	426	638	687
Sirtex	160	332	324
Starpharma	52	164	143
Universal Biosensors	126	270	252
Second 20			
Benitec	8	18	17
Bone Medical	11	14	14
Cathrx	29	11	19
Cellmid	3	9	9
Circadian	38	33	34
Compumedics	19	32	25
Genetic Technologies	17	13	17
LBT Innovations	15	9	9
Optiscan	5	9	7
Patrys	6	27	21
Phosphagenics	113	85	111
Phylogica	12	21	20
Prana	41	33	41
Prima	22	95	110
Psivida	39	78	95
QRX Pharma	30	94	124
Sunshine Heart	20	18	18
Tissue Therapies	16	30	28
Uscom	32	26	20
Viralytics	11	22	19

* Biotech Daily editor, David Langsam, owns shares in Alchemia, Bionomics, Chemgenex, Impedimed, Neuren and Optiscan, as well as non-biotechnology stocks and has an indirect interest through Australian Ethical trusts in Cochlear, Impedimed, Pharmaxis, QRX, Resmed and Tissue Therapies. These holdings are liable to change at any time.

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