



Biotech Daily

Friday September 24, 2010

Daily news on ASX-listed biotechnology companies

- * **ASX DOWN, BIOTECH EVEN: CHEMGENEX UP 9%, BENITEC DOWN 12.5%**
- * **WEHI IDENTIFIES MALARIA'S NEWEST PATHWAY INTO HUMAN CELLS**
- * **GBS PEPLIN INVESTMENT WINS AVCAL AWARD**
- * **SUNSHINE HEART CAPITAL INCREASE, RAISING, SHARE PLAN EGM**
- * **PURE POWER PAYS GENESIS \$268k**

MARKET REPORT

The Australian stock market fell 0.68 percent on Friday September 24, 2010, with the ASX200 down 31.7 points to 4601.9 points.

Twelve of the Biotech Daily Top 40 stocks were up, 12 fell, 10 traded unchanged and six were untraded.

Chemgenex was best on no news, up three cents or 8.6 percent to 38 cents with 177,081 shares traded, followed by Novogen up 8.3 percent to 13 cents with 48,000 shares traded.

Cathrx climbed 6.4 percent; Mesoblast was up 5.9 percent; Uscom was up 4.2 percent; Viralytics was up three percent; Cochlear and Tissue Therapies rose more than two percent; with Starpharma up 1.8 percent.

Benitec led the falls, down 0.3 cents or 12.5 percent to 2.1 cents with one million shares traded.

Prana and Sunshine Heart both lost 7.14 percent; Antisense and Immuron were down more than six percent; Phylogica fell 5.4 percent; Genera fell 4.3 percent; Impedimed was down 3.1 percent; with Prima and QRX down one percent or more.

THE WALTER AND ELIZA HALL INSTITUTE FOR MEDICAL RESEARCH

The Walter and Eliza Hall Institute says an effective malaria vaccine is a step closer following identification of a key malaria parasite pathway used to infect human cells. WEHI said the discovery provided “a new vaccine target through which infection … could be prevented”.

The Institute said more than 400 million people contract malaria each year with more than one million, mostly children, dying from the disease. The most lethal form of malaria was caused by the parasite Plasmodium falciparum and part of the parasite’s success was its ability to deploy multiple ways to invade red blood cells.

The Institute said that malaria parasites used proteins called glycophorins to enter red blood cells and the new research, published in the Proceedings of the National Academy of Sciences, showed an alternative pathway used by the parasite to enter red blood cells. The article entitled ‘Complement receptor 1 is the host erythrocyte receptor for Plasmodium falciparum PfRh4 invasion ligand’ said the pathway did not involve glycophorins, instead requiring the binding of a parasite molecule named PfRh4 to complement receptor 1 (CR1), a common protein found on the surface of red blood cells. WEHI said that the head of the infection and immunity division Prof Alan Cowman led the research with collaborators at the University of Edinburgh.

“The parasite is like a master burglar - it will try a variety of different methods to get into the house, not just the front door,” Prof Cowman said. “Although the human body has evolved a variety of methods to keep the parasite out, it keeps finding new ways to get in.” Prof Cowman said the PfRh family of surface proteins was involved in the recognition of red blood cell receptors, allowing the parasite to attach to the cell surface and gain entry. “We think that the parasite uses this protein to correctly identify the red blood cell and say ‘Yes, this is the one we want to invade’, it’s like a quality assurance process,” he said. “The PfRh4-CR1 pathway is one of the most important of the pathways we’ve identified for entry of malaria parasites into cells,” Prof Cowman said.

“We are now at the stage where we have identified the best combination of proteins for a vaccine and are ready to start clinical development,” he said.

“When both glycophorin and CR1 pathways are blocked, there is a 90 percent decrease in infection of the cells with the parasite,” Prof Cowman said.

“These results suggest that if a vaccine were to stimulate the immune system to recognize and generate antibodies to the prevalent invasion pathways, there is a good chance it would lead to a significant decrease in malaria infection,” Prof Cowman said.

An abstract is at: <http://www.pnas.org/content/early/2010/09/15/1008151107.abstract>.

GBS VENTURE PARTNERS

GBS Ventures has won the Australian Private Equity and Venture Capital Association prize for the best early stage investment in 2009-‘10.

GBS said the prize was awarded for the investment in Peplin, which was sold to Leo Pharma in September 2009 for \$US287.5 million (BD: Sep 3, Nov 12, 2009).

GBS said the transaction valued Peplin at \$A350 million, delivering a return of more than 125 percent “internal rate of return”.

GBS Ventures partner and former Peplin director Dr Joshua Funder said the Peplin-Leo transaction was “a great validation of the quality of Australian biotech”.

“We are pleased to have the opportunity to return cash to our investors only 20 months after opening our GBS Bioventures IV fund,” Dr Funder said.

Peplin’s lead candidate PEP005 Gel is in phase III clinical trials for actinic keratosis, a common pre-cancerous skin lesion, on both head and non-head locations.

SUNSHINE HEART

Sunshine Heart investors will vote on a major increase in share capital, placement shares, an amended share plan and shares for chief executive officer David Rosa.

Sunshine Heart's announcement to the ASX asks shareholder approval "to increase the number of shares the company is authorized to issue to two billion (2,000,000,000) shares, each with a par value of \$0.0001 per share and of which one billion, nine hundred and sixty million (1,960,000,000) shares will be common stock and forty million (40,000,000) will be preferred stock".

Sunshine Heart director John Brennan said the one hundredth of one cent a share price was a nominal price, included for legal constitutional reasons and had no bearing on the actual issue price for the shares.

Mr Brennan said the resolution was intended to make the shares available for issue as and when required by the company.

The notice of meeting said that the company had 539,078,350 shares of common stock on issue.

The notice asked shareholders to approve the proposed placement of 392,857,142 shares with 196,428,571 options, along with 39,285,714 Nasdaq options (BD: Sep 16, 2010).

The extraordinary general meeting will also consider a resolution on the amended and restated stock plan and the issue to Mr Rosa of up to 20,000,000 options under the amended plan.

Mr Rosa's options would be issued "subject to the satisfaction of various performance conditions".

The meeting will be held at Henry David York, level 10, 44 Martin Place, Sydney on October 25, 2010 at 9am.

Sunshine Heart fell 0.2 cents or 7.1 percent to 2.6 cents.

GENESIS RESEARCH AND DEVELOPMENT

Genesis says it has completed a settlement with Pure Power Global which has paid \$NZ350,000 (\$A268,181) for its holding in Biojoule.

Genesis said Pure Power acquired its shareholding in Biojoule in 2007 in return for an immediate cash payment of \$NZ1.9 million, the issue of 951,304 shares in Pure Power and a future payment of about \$NZ2 million.

Genesis said Pure Power did not settle the outstanding debt and there had been ongoing settlement discussions, with Genesis agreeing to accept a significantly reduced amount.

Genesis chief executive Stephen Hall said the settlement was "a significant discount on the original debt but recognizes the substantial change in asset values and the difficulty in arranging funding since the global financial crisis".

"The completion of this settlement is helpful as Genesis has not wanted to maintain any investment in the biofuel industry," Mr Hall said.

Genesis had been developing RNAi therapies, but following the run down in the company's cash position is involved in developing dairy industry consumer products.

Genesis was untraded at 2.3 cents.