



Biotech Daily

Thursday November 20, 2008

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECHS DOWN: NEUREN UP 32%, TYRIAN DOWN 49%**
- * **STEM CELL SIGNS 'SIGNIFICANT' DEAL WITH PFIZER**
- * **BENITEC LOSES SENIOR STAFF TO REDUCE CASH BURN**
- * **FRED BART CHAIRS GENETIC TECHNOLOGIES BOARD**
- * **ACRUX HITS HALF-WAY MARK IN PHASE III TESTOSTERONE TRIAL**
- * **HEARTWARE IMPLANTS 2nd US CARDIAC PUMP**
- * **IM MEDICAL AGM DUMPS DIRECTOR DR LEON MASSAGE**
- * **CURIOUS DIVISION AT NANOSONICS' AGM**
- * **DISCRETION BETTER PART OF NORWOOD ABBEY'S VALOR**
- * **PORTLAND ORTHOPAEDICS REQUESTS ASSET SALE TRADING HALT**

MARKET REPORT

The Australian stock market fell again on Thursday November 20, 2008 with the All Ordinaries down 150.6 points or 4.3 percent to 3,332.6 points.

Six of the Biotech Daily Top 40 stocks were up, 20 fell, seven traded unchanged and seven were untraded.

Neuren was best, up 1.7 cents or 32.08 percent to seven cents with 100,000 shares traded, followed by Psivida up 19.23 percent to \$1.55. Novogen climbed 7.14 percent; Optiscan was up 6.35 percent; Clinuvel rose 2.04 percent; with Arana up 1.97 percent.

Tyrian Diagnostics (formerly Proteome) debuted with a 2.9 cent or 49.15 percent fall to three cents with 495,337 shares traded, followed by Stem Cell Sciences down 31.58 percent to 13 cents and Benitec down 21.43 percent to 3.3 cents.

Bionomics lost 15.38 percent; Polartech fell 14.29 percent; Circadian shed 13.6 percent; Acrux was down 10.71 percent; Avexa, Living Cell and Pharmaxis lost more than nine percent; Cellestis and Starpharma fell eight percent or more; Phosphagenics and Viralytics were down more than six percent; Cochlear, CSL and Mesoblast fell more than five percent; Chemgenex, Resmed and Ventracor were down more than three percent; with Biota and Sirtex down more than one percent.

STEM CELL SCIENCES

Stem Cell Sciences has signed a master service agreement of up to five years with Pfizer Limited the company's operating unit in the United Kingdom.

Stem Cell said it would provide research services, cell lines, media and reagents to support Pfizer's research and development efforts.

Stem Cell's Australian operations manager Dr Paul Bello told Biotech Daily that he could not disclose the value of the agreement but said it was "significant".

The company's chief executive officer Dr Alastair Riddell said the opening of Pfizer's new regenerative medicine research facility in Cambridge, UK, was "very important for stem cell research and reinforces the UK's position as an international centre of excellence".

Stem Cell said the Pfizer regenerative medicine unit would be led by chief scientific officer Dr Ruth McKernan, who said that "while there still a lot to understand about how stem cells can be used therapeutically, we believe it is one of the most promising areas of scientific research".

Stem Cell Sciences fell six cents or 31.58 percent to 13 cents.

BENITEC

Benitec has "with immediate effect, implemented steps to further reduce its cash burn" including the termination of chief scientific officer Dr Jason Smythe and other staff.

Benitec said the measures were "designed to guarantee that the company maintains sufficient funding to finance its near term key activities" including ongoing negotiations with the Commonwealth Scientific and Industrial Research Organisation, intellectual property prosecution and maintenance and the City of Hope collaboration.

The company said a broad program of cost reduction initiatives involving the suspension of various projects, principally around the company's research and development program and corporate overheads, had been implemented.

These measures will result in the termination of several staff members including Dr Smythe, Benitec said.

Benitec's chief executive officer Sue MacLeman said that "given the unprecedented events we are witnessing in the global capital markets, we have made these difficult decisions to ensure Benitec has sufficient cash reserves to survive these challenging economic times".

"In the present funding environment and with the uncertainty around the patent [re-examination] and the protracted CSIRO negotiations, we believe that the reduction in activities, while deeply regrettable, is both necessary and prudent," Ms MacLeman said.

Benitec fell 0.9 cents or 21.43 percent to 3.3 cents.

GENETIC TECHNOLOGIES

Genetic Technologies says co-founder Fred Bart has been appointed chairman following yesterday's board spill.

The company said the board comprised co-founder, former chief executive officer and major shareholder Dr Mervyn Jacobson, Mr Bart, Huw Jones and Sidney Hack.

Genetic Technologies said Mr Hack was 70 years of age and had recently retired from chartered accountants Hack, Anderson & Thomas.

The company said Mr Hack was a certified practicing accountant and registered company auditor.

Genetic Technologies was unchanged at five cents.

ACRUX

Acrux says it has reached the half way mark for the 150 patient enrolment in its phase III clinical trial of Testosterone MD-Lotion for hypogonadism.

Acrux said the trial was on track to report results by October 2009, with 27 sites in the US, Europe and Australia participating in the open-label trial.

The primary objective is to demonstrate that Testosterone MD-Lotion restored average blood levels of testosterone into the normal range.

Acrux said the first US subjects had completed the main trial treatment period of four months, during which blood samples were analyzed to determine the level of testosterone in the blood and were continuing treatment for two months to monitor skin safety with six months' continuous treatment.

The company said at least 50 patients were required to participate in this additional period and it expected to complete enrolment by June 30, 2009.

In parallel with the phase III trial, the transfer to Orion and scale-up of the manufacturing process for commercial supply was proceeding according to plan.

Acrux said a dedicated product-filling machine for the Orion factory was under construction and tooling for commercial scale applicator manufacture had commenced.

Acrux said the commercial manufacturing arrangements were "a key part of the marketing applications to regulatory authorities", which it planned to file by the end of 2009.

The global market for testosterone replacement therapy is \$US900 million a year and is dominated by testosterone gels, with US sales of \$US570 million a year, Acrux said.

Acrux chief executive officer Dr Richard Treagus said the company was on track to report trial results by October 2009 and to begin negotiations with potential marketing partners.

"Testosterone MD-Lotion has the potential to make a real difference to men with this condition and in the process we expect it to take a large share of this \$US900 million market," Dr Treagus said.

Acrux fell six cents or 10.71 percent to 50 cents.

HEARTWARE

Heartware says the Jewish Hospital in Louisville Kentucky has become the second hospital to implant its ventricular assist system in the company's US clinical trial.

Heartware said the implant was performed by the principal investigator at the Jewish Hospital Dr Mark Slaughter.

Dr Slaughter is a professor of surgery and chief of the division of thoracic and cardiovascular surgery at the University of Louisville.

Heartware said Dr Slaughter was the director of the heart transplant and mechanical assist device program at the Jewish Hospital and the University of Louisville.

Dr Slaughter said the first use of the Heartware system "was without incident".

"The patient is a 49 year old male with a history of severe end-stage heart failure," Dr Slaughter said. "He responded positively to surgery and is recovering well."

"The pump is implanted in the pericardial space, eliminating the need for abdominal surgery and avoiding the need for a pump 'pocket'," Dr Slaughter said.

"This facilitates a relatively quick procedure and should eliminate some of the risks associated with more invasive surgery," he said.

Heartware president and chief executive officer Doug Godshall said several additional sites had received approvals from their institutional review boards.

"We expect a number of new sites to initiate implants alongside Washington Hospital Center and Jewish Hospital, Louisville over coming weeks," Mr Godshall said.

Heartware was untraded at 46 cents.

IM MEDICAL

IM Medical director Dr Leon Massage was rejected by IM Medical shareholders at yesterday's annual general meeting.

A total of 116,168,113 proxy votes opposed Dr Massage's reelection with 62,341,172 proxy votes in favor and 14,076,796 proxy votes abstaining.

The remuneration report was supported by more than 37.1 million votes and opposed by more than 7.6 million votes.

Director Dipak Sangvi was reelected with more than 36.6 million proxy votes in favor and more than 3.6 million proxy votes against.

Director Dr Ross Walker was reelected with more than 35.2 million proxy votes in favor and more than 5.0 million proxy votes against.

Director Glenn Dalton was reelected with more than 35.4 million proxy votes in favor and more than 4.4 million proxy votes against.

The ratification of a share placement was supported by more than 37.4 million proxy votes in favor and more than 8.2 million proxy votes against.

The ratification of shares in lieu of pay for consultancy services was supported by more than 27.7 million proxy votes in favor and more than 17.4 million proxy votes against.

The ratification of shares in lieu of salary was supported by more than 35.4 million proxy votes in favor with more than 7.7 million proxy votes against.

IM Medical was unchanged at 0.3 cents.

NANOSONICS

The Nanosonics annual general meeting divided with about nine percent of proxy votes dissenting on three resolutions.

Director Dr David Fisher and chief executive officer David Radford were reelected unopposed with more than 101 million proxy votes in favor and zero against. More than 9.6 million votes abstained or were excluded on the reelection of Dr Fisher.

More than 100.8 million proxy votes supported the reelection of director Dr Ron Weinberger and the adoption of the remuneration report with more than 9.8 million proxy votes opposed.

More than 9.8 million proxy votes opposed the issue of options for Mr Radford, with more than 41.6 million proxy votes supporting his options.

However the two resolutions to issue shares to Dr Weinberger and Mr Radford were supported by 50,675,162 proxy votes and opposed by 424,567 proxy votes with 60,235,926 proxy votes abstaining or excluded.

Nanosonics climbed two cents or 11.11 percent to 20 cents.

NORWOOD ABBEY

Four of the seven resolutions to Norwood Abbey's annual general meeting were only passed by proxies providing the chair with the discretion on voting.

The adoption of the remuneration report, along with the conversion of employee entitlements to shares and options, shares and options to employee Ray Close and shares and options to Lewis Trendle were all opposed by as many as 13.9 million proxy votes with 7.4 million in favor.

However up to 41.2 million proxy votes were at the chairman's discretion.

All motions were passed on a show of hands.

Norwood Abbey was unchanged at 0.6 cents.

PORTLAND ORTHOPAEDICS

Portland Orthopaedics has requested a trading halt pending an announcement on asset sale negotiations.

Portland said it was involved in negotiations on “amongst other matters, the possible sale of assets of the company”.

Trading will resume on November 24, 2008 or on an earlier announcement.

Portland Orthopaedics last traded at 1.2 cents.