



Biotech Daily

Thursday October 16, 2008

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECHS DOWN: CYTOPIA UP 4.5%, OPTISCAN DOWN 39%**
- * **FDA CLEARS IMPEDIMED'S L-DEX U400 FOR US SALES**
- * **PAUL KEATING FACES BRAIN RESOURCE ELECTION**
- * **OPTISCAN FALLS 39% ON SMALL CAPITAL RAISING**
- * **NANOSONICS APPOINTS EUROPEAN DISTRIBUTORS**
- * **AVITA BEGINS US PATENT PROCESS FOR RECELL AEROSOL**
- * **ALCHEMIA VOTES ON 1.1m CEO, DIRECTORS' OPTIONS**

MARKET REPORT

The Australian stock market tumbled 6.7 percent on Thursday October 16, 2008 with the All Ordinaries down 284.4 points to 3,988.1 points.

Three of the Biotech Daily Top 40 stocks were up, 22 fell, seven traded unchanged and eight were untraded.

Cytopia was best, up half a cent or 4.55 percent to 11.5e cents on 1000 shares traded, followed by Novogen up three cents or 3.13 percent to 99 cents with Resmed and Sirtex up by more than one percent.

Optiscan led the falls, down 5.5 cents or 39.29 percent to 8.5 cents on modest volumes, followed by Living Cell down 27.27 percent to 12 cents and Pharmaxis down 21.32 percent to \$1.55 with 1.2 million shares traded.

Cellestis lost 14.29 percent; Avexa, Benitec and Clinuvel were down more than 11 percent; Circadian lost 10 percent; Heartware, Mesoblast and Viralytics were down more than eight percent; Cathrx and Ventracor fell more than seven percent; Bionomics and Neuren lost more than six percent; Biota and Starpharma shed more than five percent; Antisense, Arana and CSL fell four percent or more; with Acrux, Alchemia, Cochlear and Prana down more than two percent.

IMPEDIMED

Impedimed's L-Dex U400 device for the clinical assessment of lymphoedema in breast cancer patients has been cleared for sale in the US but the Food and Drug Administration. Impedimed said the clearance "marks the continued expansion of Impedimed's L-Dex family of products and represents a major milestone achievement for the company". Impedimed already had FDA approval for its first generation lymphoedema device the L-Dex XCA.

The L-Dex U400 has a range of additional features and is targeted at clinicians. Impedimed chief executive officer Greg Brown said the company would market the L-Dex U400 device directly through its own US sales force and target breast surgeons, oncologists and therapists.

"The FDA clearance of the L-Dex U400 device puts us in a strong position to build increasing awareness in Impedimed's target markets to assist in driving the adoption of the L-Dex technology," Mr Brown said.

"The L-Dex U400 will be the first of Impedimed's L-Dex products designed specifically to meet the needs of the routine clinical environment," Mr Brown said.

Mr Brown said the L-Dex U400 was suited to clinicians' practice environments, "allowing them to deliver an improved level of care to their breast cancer patients".

"The increasing mantra from US experts in the area of managing breast cancer patients is the recognition that pre-operative assessment, early detection and treatment of lymphoedema is the best way to prevent and manage this important medical condition", said Mr Brown.

Impedimed said lymphoedema can be an extremely debilitating medical condition, and if not detected early, may progress to an irreversible condition.

Treatment often involves exercise, compression bandaging, pumps and manual lymph drainage.

The company said that findings from the US National Institutes of Health demonstrated that periodic assessment and early intervention can effectively return patients to pre-surgical state and help protect their quality of life.

"Impedimed's L-Dex technology utilizes the characteristics of frequency-dependent current flow to quantify changes in extra-cellular fluid in the patient's limb," Mr Brown said. "These changes can aid the physician and other medical professionals in the clinical assessment of patients for the early signs of lymphoedema," he said.

"Impedimed's L-Dex technology has demonstrated in peer reviewed studies to be specific and sensitive in the measurement and monitoring of extracellular fluid associated with post operative breast cancer patient," he said.

Impedimed was untraded at 70 cents.

BRAIN RESOURCE

Brain Resource's shareholders will vote on the reelection of former Prime Minister Paul Keating as a director at the company's annual general meeting.

Mr Keating has been a director of the Sydney based developer of standardized brain and cognition markers since May 2001.

The meeting will also vote on the reelection of Prof Arthur Toga as a director and the adoption of the company's accounts and remuneration report.

The meeting will be held at Level 12, 235 Jones Street, Ultimo on November 27, 2008 at 5:30pm.

Brain Resource was untraded at 26 cents.

OPTISCAN

Optiscan says it "in discussion with a number of Australian based parties" to raise capital. Optiscan said it completed a modest capital raising in June 2008 and at the time expected it would seek to raise further capital in the US in this financial year.

Optiscan chairman Grant Latta told Biotech Daily the company wants to raise less than \$7 million.

The company said that in its report released to the ASX in late August, the year end cash position was \$3.99 million and the company was carefully monitoring its capital and funding position.

Arrangements for an investor road show and capital raising in the US were proceeding well, when the global financial markets declined dramatically.

As a consequence of these developments, the investment banks and advisors acting on our behalf reported that there is now no immediate prospect of new capital being raised in the US, Optiscan said.

Optiscan is continuing to pursue other opportunities for additional funding and this may include dialogue with parties that could take a substantial position in the company, or in its intellectual property.

If current discussions do not result in the additional cash and capital funding in the appropriate timeframe then substantial re-structuring of the company's activities will be necessary.

Optiscan lost 5.5 cents or 39.29 percent to 8.5 cents.

NANOSONICS

Nanosonics has appointed distributors of its ultrasound probe disinfectant for France, Scandinavia and Switzerland made agreements for Australia, New Zealand and Italy. Nanosonics said the agreements were "another key milestone in the commercialization of the Trophon EPR ultrasound probe disinfectant".

The company said the dealers selected were "best in class" in both the ultrasound and infection control markets within their respective regions, as well as being highly respected by the major suppliers of ultrasound equipment.

Nanosonics said that "indications from the Australian Society for Ultrasound Medicine annual conference in October are that the product will be well accepted by the ultrasound community".

The dealer contracts signed in Europe to date provide a sales commitment significantly above our internal sales projections, with several key additional European territories still under discussion, Nanosonics said.

It is expected that the company will be able to announce additional distributors in the short term.

Nanosonics said the manufacturing roll-out was "progressing strongly" and was on track for the launch of the Trophon EPR for Australia and New Zealand in January 2009, with subsequent scale-up and inventory build early in 2009.

The company said regulatory approvals were progressing with the US Food and Drug Administration approval on track for submission prior to the end of 2008 and Australian Therapeutic Goods Administration approval expected by the end of 2008.

A submission to the Japanese Ministry of Health is expected to be lodged in 2009.

Nanosonics said it was in talks with a number of companies who have expressed interest in the potential of the Nanonebulant nebulized hydrogen peroxide platform.

Nanosonics climbed two cents or 12.5 percent to 18 cents.

AVITA MEDICAL

Avita says it has begun the “national phase” of its US patent application for an aerosol delivery device for applications including its Recell wound treatment.

Avita said the aerosol delivery device was suitable for a range of regenerative applications including the Recell autologous (patient’s own) cell harvesting product and had “passed all challenges related to inventiveness and uniqueness” for the application.

The company said patenting the delivery device provided a springboard for commercialization of the Recell product, which is seen as having significant commercial potential in the medium and long terms.

Avita said the patent related to the design and manufacture of an improved nozzle adapter used in the aerosol delivery of living cells.

The device has direct application to Recell’s cell harvesting device and to “an ever-widening range of potential applications involving the delivery of living tissues, cells and bio-active medications via aerosol spray, a rapidly proliferating approach corresponding to recent advances in stem cell culture and regenerative medicines” the company said.

Avita said the device was unique in its ability to deliver a low pressure, constant velocity flow with improved dispersion and superior ergonomics.

In prototype models, the patent-pending device has been demonstrated to significantly increase the percent of viable cells delivered.

The device directly addresses a current lack of appropriate and commercially available application devices which has hindered the growth and widespread acceptance of spray-on regenerative technologies.

Avita Medical chief executive officer Dr William Dolphin said the delivery of living cells via aerosol spray “is rapidly becoming the technique of choice”.

“The growing demand for commercially available delivery devices used for regenerative medical technologies represents an emerging opportunity for the company’s patented technology,” Dr Dolphin said.

“Improved delivery directly translates to improved outcomes, resulting in the increased commercialization and acceptance of regenerative technologies and their incorporation into mainstream medical practice,” Dr Dolphin said.

The company said it was continuing to secure and extend its intellectual property position with a widening range of products and potential applications.

Avita fell 0.7 cents or 14.0 percent to 4.3 cents.

ALCHEMIA

Alchemia’s annual general meeting will vote on 500,000 options for chief executive officer Dr Pete Smith and 100,000 options to each of the company’s other directors.

Shareholders will also vote on the election of directors Carlo Montagner, Dr Julian Clark, and Mel Bridges.

The meeting will be held at the Hilton Hotel, Level 6, 190 Elizabeth Street, Brisbane on November 21, 2008 at 11:30am.

Alchemia fell half a cent or 2.33 percent to 21 cents.