



Biotech Daily

Wednesday April 13, 2011

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH UP: CELLMID UP 44%; LIVING CELL DOWN 9%**
- * **GENETIC TECHNOLOGIES WINS \$14.5m FROM PATENT ACTION**
- * **CEPHALON OPENS CHEMGENEX OFFER WITH 62% IN HAND**
- * **EASTLAND SHARE PLAN RAISES \$3.4m; TOTAL \$4.2m**
- * **UK'S ANTITOPE HUMANIZES CELLMID'S MIDKINE**
- * **PATRY'S GRANTED US, EUROPEAN, JAPANESE PATENTS**
- * **CALZADA TRANSFERS NEURAL REGENERATION PEPTIDES TO CURONZ**
- * **UNIVERSAL BIOSENSORS ADDS 5 COUNTRIES FOR ONETOUCH VERIO**
- * **JCP TAKES 6% OF RESMED**
- * **USCOM APPOINTS US, CANADA DISTRIBUTORS**
- * **TISSUE THERAPIES REQUESTS 'CAPITAL RAISING' TRADING HALT**
- * **NANOSONICS HIRES EXECUTIVES MCGREGOR GRANT, GERARD PUTT**

MARKET REPORT

The Australian stock market climbed 0.25 percent on Wednesday April 13, 2011 with the S&P ASX 200 up 12.3 points to 4911.0 points. Fifteen of the Biotech Daily Top 40 stocks were up, 13 fell, five traded unchanged and seven were untraded. All Big Caps were up.

Cellmid was best, up 1.2 cents or 44.4 percent to 3.9 cents with 293.9 million shares traded, 80.6 percent of its shares on issue, followed by Advanced Surgical up 25 percent to 20 cents on small volumes and Bionomics up 12.1 percent to 65 cents with 2.1 million shares traded. Benitec climbed 9.4 percent; Psivida was up 5.2 percent; Patrys, Phylogica and Prana were up more than four percent; QRX was up 3.2 percent; Acrux, Alchemia, Nanosonics, Resmed and Universal Biosensors rose more than two percent; with Pharmaxis and Prima up more than one percent.

Again, yesterday's best, this time Living Cell, led the falls, down one cent or 8.7 percent to 10.5 cents with 590,265 shares traded. Chemgenex fell 7.7 percent prior to the bidder's and target's statements release; Clinuvel and Phosphagenics lost six percent or more; Antisense and Circadian were down more than five percent; Sunshine Heart fell 4.55 percent; Viralytics shed two percent; with Heartware, LBT, Sirtex and Starpharma down more than one percent.

GENETIC TECHNOLOGIES

Genetic Technologies says it has secured more than \$14.5 million in licencing deals with the nine companies it took to court last year (BD Feb: 16, 2010)

Last year, Genetic Technologies filed a patent infringement suit in the US District Court over its non-coding DNA technologies against nine parties – Monsanto, Beckman Coulter, Orchid Cellmark, Gen-Probe, Interleukin Genetics, Molecular Pathology Laboratory Network, PIC USA, Sunrise Medical Laboratories and Pioneer Hi-Bred International. Genetic Technologies chief executive officer Dr Paul MacLeman told Biotech Daily at that time that the matter involved two patents, one entitled 'Intron sequence analysis method for detection of adjacent locus alleles as haplotypes' and the other entitled 'Genomic mapping method by direct haplotyping using intron sequence analysis'.

Today, the company said that it concluded the legal action.

Genetic Technologies announced its first settlement with Gen-Probe on May 3, 2010, followed by Monsanto on August 6, 2010 and six more companies.

"We are very pleased to report the culmination of GTG's first assertion suit filed in conjunction with US law firm Sheridan Ross PC, and the results speak for themselves with the company securing over \$14.5 million in licencing revenue since the filing of the first assertion suit in February 2010," Dr MacLeman said.

Dr MacLeman said that formalizing the assertion program "worked very well" delivering non-dilutive revenues.

"This has provided the company with further momentum to regularize the dealings of other similar companies within the US and further afield," Dr MacLeman said.

Genetic Technologies was unchanged at 10 cents.

CHEMGENEX

Chemgenex target's statement says that Cephalon effectively holds 62.61 percent of the company.

Cephalon released its bidder's statement after the market closed today reaffirming its offer of 70 cents for each Chemgenex share and two cents per listed option.

Cephalon said the offer would open on April 18, 2011 and close on May 23, 2011 or on the receipt of 90 percent of acceptances.

Chemgenex chief executive officer Dr Greg Collier said the major investors, including GBS Venture Partners, Alta Partners and Orbis Investment Management had accepted the offer, in the absence of a superior offer, delivering Cephalon 62.61 percent of Chemgenex shares.

In its target's statement Chemgenex chairman Brett Heading said Cephalon also had acceptances for 8,827,451 listed options or 80.62 percent of the listed options.

Mr Heading said Cephalon had acceptances for 196,172,074 shares.

Chemgenex fell five cents or 7.7 percent at 60 cents with 2.1 million shares traded.

EASTLAND MEDICAL SYSTEMS

Eastland says its share plan "exceeded expectations" raising \$3,366,000 through the issue of 112,200,019 shares at three cents a share.

Eastland expected to raise \$1.5 million when it announced the share plan (BD: Mar 8, 2011) and raised \$841,000 in a placement on March 17, 2011, providing the company a total of \$4,207,000.

Eastland said the funds were for working capital and its Artimist malaria treatment.

Eastland was unchanged at 3.2 cents with 5.7 million shares traded.

CELLMID

Cellmid says it has signed a collaboration agreement with the Cambridge UK-based Antitope to humanize its lead therapeutic monoclonal antibody candidate.

Cellmid said the collaboration was expected “to deliver a drug candidate, a first in class humanized anti-midkine antibody, using Cellmid’s patented sequence and Antitope’s proprietary Episcreen and Composite Human Antibody technologies”.

Cellmid said Antitope had completed the interim milestone of producing a chimeric anti-midkine antibody, significantly reducing the technical risks of the collaboration and the selection of the fully humanized lead compound was expected by October 2011.

The company said that as part of the agreement Antitope would produce sufficient humanized antibody for preclinical testing using its proprietary high-yielding Chinese hamster ovary (CHO) expression system.

Cellmid said pre-clinical testing of the humanized drug candidate in several disease models was expected to begin this year.

Cellmid said that midkine was “a potent pro-inflammatory molecule contributing to disease in a number of inflammatory and autoimmune disorders and cancers”.

Cellmid said that it expected that a humanized anti-midkine antibody would be a potent modulator of inflammation and autoimmunity and could contribute to the treatment of a number of diseases.

Cellmid said Antitope’s Composite Human Antibody technology was “a proven platform for rapid generation of non-immunogenic, fully humanized candidates, with similar or better binding affinities than the template antibody” and was clear of all the dominant humanization patents, thus avoiding the need to pay royalties to third parties.

Biotech Daily believes that Antitope will receive a royalty payment from any of the humanized compounds it manufactures for Cellmid.

Cellmid closed up 1.2 cents or 44.4 percent to 3.9 cents with 293.9 million shares traded.

PATRYS

Patrys says it has been allowed patents for anti-cancer products PAT-SC1, PAT-LM1 and PAT-CM1 in the US, Europe and Japan.

Patrys said a patent was allowed by the Japanese Patent Office that covered the disease target for PAT-SC1, a modified form of CD55, a protein expressed on the surface of cancer cells.

The company said the claims in the patent gave it the potential to block other companies from developing products directed at the same target.

Patrys said the US Patent Office had allowed a patent that covered the antibody PAT-LM1 and similarly structured products that bind to the same target as PAT-LM1, a protein called Nono that was present on the surface of cancer cells but not healthy cells.

The company said the claims covered by the patent gave it the potential to block similar antibodies that bind to the same target as PAT-LM1 and PAT-LM1 had shown “strong promise across a number of cancer indications”.

Patrys said the European Patent Office had granted a patent covering the PAT-CM1 antibody and any similar antibody that binds to the same target as PAT-CM1.

The company said the claims in provided the potential to block others from developing antibodies similar in structure and function to PAT-CM1.

Patrys said PAT-CM1 was a natural human antibody from its platform and had shown promise for the treatment of solid tumors and metastases across a number of indications including pancreatic, lung, breast and gastric cancers.

Patrys was up half a cent or 4.2 percent to 12.5 cents.

CALZADA

Calzada says it will transfer its Neural Regeneration Peptides (NRP) intellectual property to Curonz for royalties and a share of sub-licencing income.

Calzada said Curonz was established by the Neural Regeneration Peptides inventor Dr Frank Sieg.

The company said royalties or a share of any sub-licencing income was dependent on Curonz developing and commercializing the technology.

The company said that in March 2005 the then Metabolic Pharmaceuticals (now Calzada) and Neuren Pharmaceuticals agreed to jointly develop the NRP project with all intellectual property, development costs and commercial outcomes to be shared equally.

The company said progress was made until the end of 2008 when the project was halted due to funding constraints and in 2010 Neuren transferred its 50 percent share to Curonz. Calzada said it "formed the view that the NRP technology would have maximum chance of commercial success if it were 100 percent owned by Curonz".

Calzada said its wholly-owned subsidiary Metabolic Pharmaceuticals held all of its drug development and legacy assets and Metabolic conducted the negotiations with Curonz. Metabolic chief executive officer David Kenley said the agreement allowed "a stalled project with a complex ownership structure to move forward effectively".

"Dr Sieg, the original inventor of the NRPs, has established Curonz for the sole purpose of commercializing his technology," Mr Kenley said.

"Whilst the NRP compounds are at an early stage of development their continued advancement is important as they target several diseases, such as peripheral neuropathy, with little or no treatment options," Mr Kenley said.

"Dependent upon the level of future success of Curonz in commercializing the NRPs, Calzada may share in substantial future revenues thus deriving value for shareholders from a project that would otherwise become worthless without this agreement," he said.

Calzada said Neural Regeneration Peptides were a class of small peptides that display a range of biological effects important for the protection and regeneration of nervous system tissue.

The company said that pre-clinical results supported the hypothesis that NRP compounds were potentially potent neuro-protective and neuro-proliferative agents of nervous system tissue and animal studies suggested that lead candidate NNZ-4945 had the potential to treat motor neuron disease and peripheral neuropathy.

The company said that a 2007 study in a rodent model of motor neuron disease using NNZ-4945 indicated that the drug extended the life expectancy of mice with the disease. Calzada fell half a cent or 4.8 percent to 10 cents with 2.1 million shares traded.

UNIVERSAL BIOSENSORS

Universal Biosensors says it and Lifescan's Onetouch Verio blood glucose meter has been launched in Germany, the United Kingdom, Ireland, Spain and Portugal.

Universal Biosensors said the Onetouch Verio incorporates its technology and the company was paid a fee by Johnson & Johnson's Lifescan for the number of strips it sold in each market.

Universal Biosensors chief executive officer Paul Wright said Germany was the largest self-monitoring blood glucose market in Europe and the addition of the five markets followed the launch in France, Italy and the Netherlands.

The company said the markets combined accounted for about 90 percent of the European market, worth \$US2.8 billion in 2008.

Universal Biosensors was up three cents or 2.3 percent to \$1.33.

USCOM

Uscom says it has appointed the New Hampshire-based Inspired Medical Systems as its distributor for the north east states of the US and two distributors for Canada.

Uscom said it had appointed Caster Medical Systems based in Toronto and Braemed of Dartmouth, Nova Scotia to distribute its ultra-sonic cardiac output monitor.

The company said it had 80 percent coverage of the North American hospital market 80 percent with agreements in principle for the remaining 20 percent from distributors still under negotiation.

Uscom was untraded at 28 cents.

RESMED

JCP Investment Partners has increased its substantial shareholding in Resmed from 77,783,435 shares (5.07%) to 93,181,797 shares (6.07%).

JCP (formerly JF Capital Partners) of 600 Bourke Street Melbourne Kinetic said it bought and sold shares between March 3, 2011 and April 11, 2011 at about \$3.00 per share.

Resmed was up seven cents or 2.3 percent to \$3.07.

TISSUE THERAPIES

Tissue Therapies has requested a trading halt "pending an announcement regarding a capital raising".

Trading will resume on April 15, 2011 or on an earlier announcement.

Tissue Therapies last traded at 65.5 cents.

NANOSONICS

Nanosonics says it has expanded its management team with the appointments of chief financial officer McGregor Grant and head of manufacturing Gerard Putt.

Nanosonics said Mr Grant would join the company on April 28, 2011 and would also take the role of company secretary, with joint responsibility for the investor relations.

The company said Mr Grant had more than 15 years experience in the medical device and healthcare industries in Australia and the US and most recently was employed with Invacare Corp as Asia-Pacific finance director and previously worked for Coopers & Lybrand for more than 10 years in Australia and Europe.

Nanosonics said Mr Grant held a Bachelor of Economics degree from Macquarie University and was a graduate member of the Australian Institute of Company Directors.

Nanosonics said Mr Putt would join the company on April 27, 2011.

The company said Mr Putt had more than 12 years experience in the medical device industry as a leader and manager of development, engineering and production teams at Resmed.

Nanosonics said Mr Putt held a Bachelor of Science in control engineering from the University of Sussex, UK and had "a strong background in the US FDA and international regulatory requirements for medical device manufacturing".

Nanosonics was up two cents or 2.2 percent to 93 cents.