Biotech Daily

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Daily news on ASX-listed biotechnology companies

*** ASX, BIOTECH DOWN: PRANA UP 10%; USCOM DOWN 13%**

*** GENERA'S PARTNER DELAYS TEST DEVELOPMENT; $3m RIGHTS ISSUE**

*** PHYLOGICA'S PHYLOMERS 'COMPATIBLE WITH ISOGENICA'S DISPLAY'**

*** VIRAX CLOSES HIV TRIAL BUT FURTHER STUDY WARRANTED**

*** SIRTEX H1 PROFIT DOWN 61% TO $3.6m ON REVENUE UP 9%**

*** PROBIOTEC H1 PROFIT DOWN 84% TO $1m ON REVENUE DOWN 9%**

*** AUSTRALIAN ETHICAL TAKES 6% OF ATCOR**

*** CHINA PATENT FOR VIRALYTICS EVATAK FOR CANCER**

*** COGSTATE H1 REVENUE DOWN 19% TO $4m, RETURN TO RED**

MARKET REPORT

The Australian stock market fell 0.22 percent on Wednesday February 23, 2011 with the S&P ASX 200 down 10.8 points to 4845.9 points.

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

Prana was best, up 1.5 cents or 9.7 percent to 17 cents with 277,784 shares traded, followed by Viralytics up 6.4 percent to five cents with 4.9 million shares traded.

Genetic Technologies and Patrys climbed more than four percent; Circadian and Sunshine Heart rose more than two percent; with Biota and LBT up more than one percent.

Uscom led the falls, down four cents or 13.1 percent to 26.5 cents with 32,500 shares traded, followed by Antisense down 11.1 percent to 0.8 cents with 21.5 million shares traded and Immuron down 11 percent to 7.3 cents with 365,000 shares traded.

Psivida lost 9.2 percent; Chemgenex and Tissue Therapies were down more than five percent; Genera fell 4.9 percent; Cellmid, Nanosonics, Phosphagenics and Starpharma lost more than three percent; Acrux, Benitec, Heartware, Pharmaxis, Sirtex and Universal Biosensors shed more than two percent; with Bionomics, Clinuvel and Phylogica down more than one percent.

GENERA BIOSYSTEMS

Genera says its unnamed “top 10 global diagnostic company” partner has requested more time to finalize a commercialization agreement, requiring Genera to raise $2.95 million.

Genera said it had been working with the unnamed company for the last eight months on a research and development project to develop a modified human papillomavirus (HPV) test and the commercialization agreement expected by July 2011 was not likely to be concluded until April 2012.

Genera said the partner company wanted “a further period of development, particularly focused on its own instrumentation and in-market testing”.

Genera chief executive officer Dr Allen Bollands told Biotech Daily that the unnamed partner had the rights “to commercialize the work the two companies had done together on a redesigned HPV test and we have hit all their criteria”.

Dr Bollands said Genera retained the rights to all its other work including the rights to its own Paptype test in Australia and Europe.

In its media release to the ASX Genera said the new HPV test designs developed by Genera passed all evaluations to date and confirmed the versatility of the Ampasand bead platform.

Genera chairman Fernando Careri said the company was “very pleased with how the new test designs have performed, both in Melbourne, and in our partner’s laboratory.”

Genera said the collaboration’s objective was to design a modified human papillomavirus test, based upon Genera’s Ampasand bead technology that would run optimally on the partner’s instrumentation.

“As envisaged by the agreement, we have designed and manufactured two alternative tests for our partner, both of which are broadly equivalent to the existing Paptype test,” Dr Bollands said. “So, I’m encouraged that the research collaboration has been successful, and that our partner retains a high level of interest in commercializing one of the new test designs,” Dr Bollands said.

“We’ll begin work on the next development phase as soon as possible and push hard towards a commercialization deal next April,” Dr Bollands said.

Genera said it hoped to raise up to $2.95 million through a non-renounceable one-for-seven rights issue at 33 cents a share.

The company said up to 8,952,897 shares would be issued and each new share would come with one free attaching option exercisable at 33 cents within two years of the date of the issue.

Following a fully-subscribed right issue, Genera would have 71,623,176 shares on offer.

The company said that the 33 cent offer price was a 19.5 percent discount to the last sale price and a 31.8 percent discount to the 30-day volume weighted average price.

Genera said the capital raising would fund the proposed next stage of development of its Paptype product in conjunction with its partner company and to continue work on its RTI-plex respiratory tract diagnostic kit for Healthscope.

Genera said the rights issue would not be underwritten, but the board had “expressions of interest from major existing shareholders who have indicated an intention to take up their full entitlements and further participate in the take up of shortfall shares under the offer”.

The company said the directors also indicated that they intended to take up their entitlements.

Genera said that should it not raise the full amount under the rights issue it had “a clear strategy to reshape the cost base of the business … to deliver on a revised set of priorities whilst still maximizing the value of its Ampasand technology and related tests such as Paptype and RTI-Plex”.

Genera fell two cents or 4.9 percent to 39 cents.

PHYLOGICA

Phylogica says the Isogenica's in-vitro display technology for peptide engineering and drug discovery is compatible with its Phylomer drug discovery platform.
Phylogica said a collaboration announced in January 2010 had demonstrated that the Cambridge UK-based Isogenica display technology would "ensure accelerated screening of the company's vast Phylomer libraries to meet demand from potential pharmaceutical partners" (BD: Jan 18, 2010).
Phylogica said that Isogenica had been successful in hitting all milestones to date related to the collaboration.
The company said the objectives of the project were to use Isogenica's display to achieve further optimization of Phylogica's lead compounds targeting CD40 ligand.
Phylogica chief executive officer Dr Paul Watt said the latest milestone demonstrated that Isogenica's display technology was highly compatible with Phylogica's Phylomer libraries.
"This means the technology can be used to screen trillions of variants of Phylomers in a significantly shorter timeframe than is currently achievable," Dr Watt said.
Phylogica said that Isogenica's technology was well established within the industry and the company had relationships with many of Phylogica's current and prospective pharmaceutical partners.
Dr Watt said the combination of the Phylomer libraries with Isogenica's display technology was a value-adding expansion of Phylogica's drug discovery platform and could open up new partnership opportunities.
"The two companies are exploring a broader alliance to exploit the unique commercial potential of their combined technologies," Dr Watt said.
Phylogica said that Phylomers were sourced from the most structurally diverse peptide libraries in the world and the primary screening of Phylomer libraries using Isogenica's display could increase this diversity further, resulting in higher quality outputs and the combined technology could screen efficiently against dozens of disease targets in parallel.
Isogenica chief executive officer Dr Kevin Matthews said the pharmaceutical industry was "constantly exploring new molecular structures that could lead to significant new medical treatments".
"The broad structural diversity of Phylogica's Phylomer libraries, as a starting point, combined with the ability to rapidly generate trillions of Phylomer variants, fast-tracks molecular evolution and could generate improved lead candidates in a much shorter time frame," Dr Matthews said.
Phylogica fell 0.1 cents or 1.4 percent to 7.2 cents.

VIRAX HOLDINGS

Virax says its VIR201 HIV therapeutic vaccine trial in South Africa has been completed with the final clinical study report completed and all study sites closed.
Virax said it received a final payment of $576,600 from the public benefit organization funding the trial, which did not meet its endpoints, although there was a statistically significant decrease in viral load one week after the first vaccination with VIR201 relative to the placebo group, but this decrease was not sustained (BD: Aug 16, 2010).
Viralytics said that external experts advised that additional studies of the underlying mechanism was warranted, as prolongation of the initial viral load suppression could have significant clinical benefit.
The company said patient trial samples had been retained for additional analysis and it was discussing the performance of the assays with the HIV research community.
Virax was unchanged at 3.4 cents.

SIRTEX MEDICAL

Sirtex says its net profit after tax for the six months to December 31, 2010 fell 60.6 percent to $3,593,000 on revenue up 9.1 percent to $34,033,000.
The company said that pre-tax profit, excluding foreign exchange and payment from the University of Western Australia court case, fell 32.9 percent from $9.9 million to $6.7 million “due to the strategic investment … in sales and marketing, clinical study support and costs associated with the new regional office and manufacturing operation in Singapore”.
Sirtex said operating expenses of $21.5 million were up 25 percent, in line with the company’s strategy to invest in building the capability to support global growth and investment to accelerate clinical study recruitment was up 79 percent to $5.0 million.
The company said that another factor affecting profit was the higher cost of goods due to a substantial price increase from the contract manufacturer, the Australian Nuclear Science and Technology Organization Radiopharmaceuticals and Industrials.
Sirtex said dose sales were its “key metric of business growth” and they were up 16.5 percent to 2,325 units, compared to 1,996 for the same period last year.
Sirtex said all regions reported increased dose sales with European sales of 760 units up 29.5 percent, US sales up 12.3 percent to 1,363 units and Asia Pacific’s 202 unit sales up 3.6 percent.
Sirtex said it expected dose sales to continue at “double digit growth in the US and European markets”.
Sirtex said diluted earnings per share fell 61.0 percent to 6.4 cents for the six months to December 31, 2010 compared to 16.4 cents for previous corresponding period.
Sirtex said the net tangible asset backing per share was up 17.6 percent to 90.8 cents.
The company said a fully-franked seven cent dividend was paid on October 14, 2010.
Sirtex said it had $6,396,000 in cash at December 31, 2010.
Sirtex fell 13 cents or 2.3 percent to $5.59.

PROBIOTEC

Probiotec says its net profit after tax for the six months to December 31, 2010 fell 83.7 percent to $1,018,000 on revenue down 9.3 percent to $36,084,000.
Probiotec said it faced “soft trading conditions” in the three months to September 30, 2010 followed by three months of improved conditions.
The company said there was a small decline in its pharmaceutical and consumer health businesses, a slight increase in nutritional product sales and declines in both export sales and contract manufacturing.
Probiotec said diluted earnings per share fell 83.8 percent to 1.93 cents for the six months to December 31, 2010 and no dividend would be paid.
Probiotec said the net tangible asset backing per share was down 8.3 percent to 81.7 cents.
Probiotec was unchanged at 66 cents.

ATCOR MEDICAL

Australian Ethical Smaller Companies Trust has increased its substantial shareholding in Atcor from 7,139,500 shares (5.32%) to 8,595,902 shares (6.41%).
Australian Ethical said the 1,456,402 shares were bought for $145,641 or 10 cents a share.
Atcor fell one cent or 10 percent to nine cents.

VIRALYTICS

Viralytics says the China Patent & Trademark Office has given a notice to grant a patent involving of the use of Echovirus type 1 as an anti-cancer agent in human ovarian cancer.
Viralytics said the scope of the application involves the use of Echovirus type 1 or Evatak recognizing the integrin alpha2-beta1 on the surface of human ovarian cancers to infect and destroy the cancer cells.
The company said the use of a combination of Evatak and Coxsackievirus A21 or Cavatak in the targeted destruction of human ovarian cancer cells was also covered in the patent.
Viralytics said Cavatak used an alternative targeting mechanism to Evatak, binding to the cell surface receptor ICAM-1 to invade and destroy cancerous cells.
Viralytics said it had a phase II investigational new drug application for late stage melanoma patients under discussion with the US Food and Drug Administration using its lead oncolytic virus, Cavatak.
The company said it was completing two phase I safety trials in Australia, studying the safety of both intra-tumoral and intravenous delivery of Cavatak.
Viralytics was up 0.3 cents or 6.4 percent to five cents with 4.9 million shares traded.

COGSTATE

Cogstate says its revenue for the six months to December 31, 2010 fell 18.6 percent to $4,180,171 returning the company to a net loss after tax.
The net loss after tax was $895,244 compared to a half year profit of $526,623 for the six months to December 31, 2009.
Cogstate said revenue fell due to a decline in the number of signed sales contracts in the six month period and said the stronger Australian dollar was also a factor.
The company said the cost of trials had increased.
Cogstate fell three cents or 13 percent to 20 cents.