



Biotech Daily

Thursday February 24, 2011

Daily news on ASX-listed biotechnology companies

- * **ASX DOWN, BIOTECH UP: IMMURON UP 7%; VIRAX DOWN 18%**
- * **ACRUX H1 REVENUE UP 16,031% TO \$90.5m, \$57m PROFIT, 60c DIVIDEND**
- * **OPTISCAN H1 REVENUE UP 94% TO \$1.4m, TURNAROUND PROFIT**
- * **VIRAX: ROCHE ENDS TRANSGENE TG4001 LICENCE**
- * **IMMURON EXPECTS 50% TRAVELAN SALES INCREASE**
- * **PALLANE (DIA-B) TO CHANGE NAME TO VITA FOR OBESITY, DIABETES**
- * **CORIDON APPOINTS NEIL FINLAYSON, DR JULIAN CHICK, LEE RODNE**
- * **AVEXA TO SELL BIOMD 20% OF ALLIED MEDICAL; NEW DIRECTORS**
- * **UK PATENT FOR HEALTHLINX OVPLEX OVARIAN CANCER TEST**
- * **GENETIC TECHNOLOGIES H1 \$4m MAIDEN PROFIT; REVENUE UP 183%**
- * **AUSTRALIAN PATENT FOR LIVING CELL'S IMMUPEL ENCAPSULATION**
- * **BIOTRON SHARE PLAN TO RAISE UP TO \$3.5m**
- * **GIACONDA REQUESTS 'CAPITAL REQUIREMENTS' TRADING HALT**

MARKET REPORT

The Australian stock market fell 0.76 percent on Thursday February 24, 2011 with the S&P ASX 200 down 36.6 points to 4809.3 points. Eighteen of the Biotech Daily Top 40 stocks were up, nine fell, 10 traded unchanged and three were untraded.

Immuron was best, up half a cent or 6.85 percent to 7.8 cents with 178,897 shares traded. Prana and Tissue Therapies climbed more than five percent; Phosphagenics, Phylogica and Prima were up more than four percent; Acrux was up three percent; Cathrx; Sunshine Heart and Viralytics rose two percent or more; with Alchemia, Cellestis, Chemgenex, Nanosonics, Pharmaxis and Starpharma up more than one percent.

Virax led the falls, down 0.6 cents or 17.65 percent to 2.8 cents with 3.5 million shares traded, followed by Universal Biosensors down eight percent to \$1.38 with 31,000 shares traded. Genetic Technologies and Heartware fell more than four percent; Advanced Surgical, Clinuvel and Patrys shed more than two percent; with Circadian and Resmed down more than one percent.

ACRUX

Acrux says its net profit after tax for the six months to December 31, 2010 was \$56,743,000 compared to the previous corresponding period's \$2,128,000 loss.

Acrux said it would pay a dividend of about 60 cents a share in March 2010.

Acrux said revenue was up 16,031 percent to \$90,496,000, primarily from a \$US87 million payment from Eli Lilly for its Axiron testosterone replacement treatment.

In August last year, Acrux announced a maiden profit of \$46,554,000 for the 12 months to June 30, 2010 on revenue primarily from Eli Lilly of \$56,101,000 (BD: Aug 24, 2010).

Today, Acrux said the approval of Axiron by the US Food and Drug Administration triggered the \$US87 million milestone payment.

Acrux said it was eligible to receive further sales milestone payments of up to \$US195 million and would receive royalties on worldwide sales of Axiron.

The company said that Eli Lilly was expected to launch Axiron in the US by mid-2011 and marketing applications for other territories were being prepared.

Acrux chief executive officer Dr Richard Treagus said the company was "delighted to report another substantial profit following our success in achieving FDA approval of Axiron ahead of expectations".

"We now look forward to the launch of Axiron into the US market which is worth \$US1 billion annually," Dr Treagus said.

"Today, the board reaffirmed its intention to make a first distribution to shareholders of approximately 60 cents per share in March 2011, with details to be announced in due course," Dr Treagus said.

Acrux said that diluted earnings per share was 34 cents compared to the previous period's loss of one cent and net tangible assets per share was 77 cents compared to six cents for the six months to December 31, 2009.

Acrux was up 10 cents or three percent to \$3.42

OPTISCAN

Optiscan says its net profit after tax for the six months to December 31, 2010 was \$315,200 compared to the previous corresponding period's \$598,331 loss.

Optiscan said revenue was up 94 percent to \$1,436,008, from sales of its confocal microscopes.

Optiscan chief financial officer Bruce Andrew told Biotech Daily the company previously had first half profits followed by full-year losses "due to the lumpy nature of payments".

"We expect moderate levels of revenue throughout the calendar year, but in the absence of further significant payments, we will probably not maintain a trading profit for the full financial year," Mr Andrew said.

Optiscan said the profit was largely attributable to ongoing and expanded activities with Carl Zeiss and the development of a second generation microscope for neurosurgery.

The company said that in addition to future neurosurgery sales, material revenue was derived from sales of the FIVE-1 research unit with continuing interest from China and from custom miniaturized confocal orders.

Optiscan's executive chairman Angus Holt told Biotech Daily that the company had installed three research instruments at institutions in Shanghai and he was hopeful that more orders would come from China.

Optiscan said diluted earnings per share was 0.24 cents compared to the previous period's loss of 0.5 cents, net tangible assets per share was one cent and no dividend would be paid.

Optiscan was unchanged at seven cents.

VIRAX

Virax says that Roche has terminated its exclusive global development and commercialisation agreement for Transgene's TG4001.

Virax said that the France-based Transgene had licenced the use of its Co-X-Gene technology for both the human papillomavirus therapeutic vaccine TG4001 and TG4010 for non-small cell lung cancer

Virax said that according to comments from Roche, the agreement was terminated for strategic reasons and did not relate to data for the project.

The company said that under the 2007 agreement with Roche, Transgene received EUR23 million in licence fees and milestone payments, generating milestone receipts to Virax under the sub-licence.

Virax's chief executive officer Dr Larry Ward said that while it was "not common for companies to terminate product licences for strategic reasons, we understand that this sometimes occurs and applaud Transgene's ongoing commitment to continue development of TG4001".

"Virax expects that it will participate in milestone receipts when this product is re-partnered in the future in accordance with the terms of our Co-X-Gene agreement with Transgene," Dr Ward said.

Transgene said it had granted Roche an exclusive global development and commercialization rights to TG4001/RG3484, a therapeutic vaccine candidate to treat notably high grade cervical intraepithelial neoplasia lesions caused by human papillomavirus infection, currently in a phase IIb clinical trial for this indication.

Transgene said it did not expect the termination of the licence "to have any impact on the ongoing phase IIb trial involving 200 patients".

Transgene said that with more than 195 patients enrolled, recruitment was almost completed and interim data was expected by the end of 2011 or early 2012.

Transgene said it would regain full and unencumbered development and commercialization rights to TG4001 and the company did not expect Roche's decision to have a significant financial impact for the company in the short term.

Transgene said that if clinical data from the phase IIb trial was positive, it intended to prepare for a phase III registration trial to be started in late 2012 or early 2013.

Transgene chief executive officer Dr Philippe Archinard said his company was sorry to lose Roche as a corporate partner but was committed to the development and the value of TG4001.

"Moreover, in this new context, the value of TG4001 for Transgene increases significantly and will of course increase even further if clinical data of the ongoing phase IIb trial are positive," Dr Archinard said.

Virax fell 0.6 cents or 17.65 percent to 2.8 cents with 3.5 million shares traded.

IMMURON

Immuron says the Australian distributor of its Travelan diarrhoea prevention product, Nycomed, expects a 50 percent increase in sales for the year to December 31, 2011.

Immuron said that "following a successful launch by Nycomed in 2010, Travelan sales were expected to continue to grow rapidly and exceed 42,000 packs this year, demonstrating the early growth path for Travelan Immuron and Nycomed are also advancing discussions to expand Travelan's success into overseas markets".

Travelan retails for \$17 to \$25 for a 10 day course of 30 tablets.

Immuron was up half a cent or 6.85 percent to 7.8 cents.

PALLANE MEDICAL

Pallane (formerly Dia-B Tech) wants to change its name to Vita Pharmaceuticals and will return to its original focus of diabetes.

Pallane said it would create three internal units: research and development; a health fund; and anti-obesity program.

In 2009 the ASX accepted the name change from Dia-B Tech to Pallane Medical and the company is in a suspension under the code PNM (BD: Nov 20, 2009).

Pallane attempted a backdoor listing through Dia-B with financial backing from Winteray, to commercialize diagnostic kits including for the detection of H1N1 'swine' influenza.

Winteray failed to underwrite the initial public offering and Pallane said it would pursue the company (BD: Oct 5; Aug 11, 13, 2009).

In November 2009 Pallane said it had a \$30 million draw down facility from Fortrend Securities to continue commercializing Dia-B's treatments for diabetes

Today Pallane said it had undertaken a restructure to provide prevention and treatment for type 1 and type 2 diabetes.

The company said its "corporate mission" was assisted by a scientific advisory panel including Prof George Alberti, Prof Paul Zimmet, Prof Mark Cooper and Prof Frank Ng.

Acting chief executive officer Pete Stafford said the company had "significantly reduced its debt profile, all associated creditors have agreed to swap their debt position for an equity position in the company, [and] as such all capital raised will be afforded to the progression and development of the companies projects".

Mr Stafford said Pallane hoped to raise \$1.5 million through a share offer at 25 cents per share.

Mr Stafford said a significant proportion of funds would be applied to the ISF402 insulin sensitizer, an orally administered HTD-amide enhancer accelerating the dispersal of insulin into the body increasing whole-body glucose disposal.

He said the development of ISF402 was "the primary initiative of the company".

Mr Stafford said other projects included developing a drug/product to prevent complications caused by CDA1.

He said the company recognized "the value of a holistic approach to increasing awareness of the diabetes condition and the conditions associated with its global prevalence".

"Our mission and challenge is to educate and facilitate revolutionary new pharmaceuticals to assist in not only the quality of life, but to dramatically reduce mortality rates among diabetes sufferers worldwide," Mr Stafford said.

He said the company had an agreement with Life Be In It Services to use the intellectual property to develop an animated television and multimedia series to build health awareness and secure new revenue streams.

The 30 year contract would be worth \$2.5 million and be paid with 10,000,000 Pallane shares.

Pallane said the 35 year old program would be used to encourage physical activity.

Mr Stafford said Pallane would acquire the intellectual property relating to Jimmy's Garden Heroes for an animated television and multimedia series to build health awareness, in a 30 year, \$1.3 million contract paid with 5,200,000 Pallane shares.

He said Pallane had a production agreement with Whip Cracking Productions to produce a pilot production of Life Be in it and Jimmy's Garden Heroes costing \$17 million and to be paid with 68,000,000 Pallane shares.

Pallane is in a voluntary suspension and last traded as Dia-B at 1.4 cents and following a consolidation Pallane was untraded at 28 cents.

CORIDON

Coridon has appointed Neil Finlayson as chief executive officer with former Avexa chief executive officer Dr Julian Chick and Allied Medical chief executive officer Lee Rodne appointed as directors.

Allied Medical has a major interests in Coridon as does the University of Queensland (BD: Nov 11, 2010), while Avexa has acquired a 24 percent stake in Allied Medical, part of which is to be sold to Biomd (see below).

Earlier this month Biomd announced the acquisition of Allied Medical in what appeared to be a backdoor listing of Allied Medical into the merged entity (BD: Feb 15, 2011).

Today Coridon said that Mr Finlayson was formerly the business development director of Bio Innovation SA in Adelaide with extensive experience in banking and finance, joint ventures, partnering and licencing.

Coridon said Mr Finlayson was previously the chief executive officer of Vaccine Solutions which was co-owned by CSL and the Queensland Institute of Medical Research and the executive officer of the Cooperative Research Centre for Vaccine Technology and began his career in banking and finance with Westpac Banking Corporation.

Coridon said its proprietary technologies were focused on developing vaccines for a range of infectious diseases and cancers in humans, with product development focused on herpes virus vaccines.

Coridon is a private company.

BIOMD, AVEXA

Biomd said that two conditions for the proposed off-market takeover offer of Allied Medical had been satisfied.

Biomd said Avexa had agreed to sell 19.9 percent of its Allied Medical holding to Biomd with Allied shareholders receiving 32 Biomd shares for every one Allied share.

Subject to the bid becoming unconditional, the current directors and key executives have entered into agreements to sell the Allied Medical options held by them to Biomd for 53.6 million Biomd options.

Biomd said the merged group's board would include Allied Medical chief executive officer Lee Rodne, chairman Chris Catlow, and Fortescue Metals Mr Graeme Rowley.

Biomd was up 0.4 cents or 6.7 percent to 6.4 cents with 1.5 million shares traded.

Avexa fell 0.1 cents or 2.3 percent to 4.2 cents.

HEALTHLINX

Healthlinx says the UK Intellectual Property Office has granted a patent for its Ovplex ovarian cancer diagnostic.

Healthlinx said the United Kingdom was the first jurisdiction to complete a review of the patent for the Ovplex Panel and had deemed all claims as novel, inventive and to have industrial application.

Healthlinx managing director Nick Gatsios said the patent was "an important validation of the Ovplex panel's first-in-class technology".

Mr Gatsios said the granted patent covered the combination of proprietary biomarkers, as well as the methodology used for implementing the test in a typical clinical pathology environment.

Mr Gatsios said the company had filed to patent its Ovplex technology in all major jurisdictions and was awaiting final reviews.

Healthlinx was unchanged at 6.2 cents with 2.6 million shares traded.

GENETIC TECHNOLOGIES

Genetic Technologies says its net profit after tax for the six months to December 31, 2010 was \$4,314,716 compared to the previous corresponding period's \$4,035,776 loss.

Genetic Technologies underlying revenue fell 17 percent to \$2,391,877 for the six months to December 31, 2010 with a small increase in genetic testing services and a significant fall in reproductive services, but this doesn't include licencing revenue up from \$1,898,985 in the previous corresponding period to \$11,752,010.

Including all forms of revenue, Genetic Technologies revenue for the six months to December 31, 2010 was up 182.8 percent to \$14,143,887.

Genetic Technologies said that diluted earnings per share was 1.1 cents compared to the previous period's loss of 1.1 cents.

Genetic Technologies fell 0.4 cents or 4.2 percent to 9.1 cents.

LIVING CELL TECHNOLOGIES

Living Cell says the Australian Patent Office has granted a patent for its Immupel technology for encapsulating living cells prior to transplantation.

Living Cell said the Immupel selectively permeable system protected encapsulated living cells from immune rejection without the need for immunosuppressant drugs, while at the same time allowing the transplanted cells to survive and function normally.

Living Cell said the Australian patent provided protection in advance of possible future clinical trials in Australia.

Living Cell was unchanged at 11 cents.

BIOTRON

Biotron hopes to raise up to \$3,472,863 through the issue of up to 36,556,455 shares at 9.5 cents each.

Biotron said shareholders eligible at the record date of February 23, 2011 would be able to apply for parcels of shares up to \$15,000.

Biotron said the share plan would close on March 23, 2011 and the funds would be used for a proof-of-concept phase Ib/IIa study of BIT225 in HIV infected patients.

The company said the funds would also be used to ensure it could "assess the alternatives for the maximizing of returns to shareholders which may focus on completing a commercial deal with a pharmaceutical company to continue the development of BIT225 to a marketable drug or further clinical studies which the company can undertake to add value to a subsequent commercial deal with a pharmaceutical company".

Biotron fell half a cent or 4.8 percent to 10 cents.

GIACONDA

Giaconda has requested a trading halt pending an announcement its financial position and capital requirements.

Giaconda said it had "concerns regarding its financial position and capital requirements and is in the process of finalizing its half yearly audited report with its auditors".

Trading will resume on February 28, 2011 or on an earlier announcement.

Giaconda last traded at 3.4 cents.

Biotech Daily can be contacted at: PO Box 5000, Carlton, Victoria, Australia, 3053
email: editor@biotechdaily.com.au www.biotechdaily.com.au