Biotech Daily

Tuesday February 8, 2011

Daily news on ASX-listed biotechnology companies

*** ASX UP, BIOTECH DOWN:**
- VIRALYTICS UP 7%; ANTISENSE, COMPUMEDICS DOWN 12.5%

*** TGA APPROVES PHARMAXIS BRONCHITOL FOR CYSTIC FIBROSIS**

*** CORRECTION: PHYLOGICA'S CASH BURN**

*** COCHLEAR RECORD H1 REVENUE, PROFIT**

*** SIRTEX SIR-SPHERES SALES UP 17% IN DECEMBER QUARTER**

*** AUSBIOTECH BRIEFING: STOP THE GENE PATENT BILL**

*** BIO-MELBOURNE BREAKFAST: CAPITAL RAISINGS AND PREDICTABILITY**

*** PROBIOTEC PLEADS SCHULTZ TO ASX 14% FALL QUERY**

*** STIRLING HALVES CAPITAL RAISING TO $3m; SELLS PROPERTY**

MARKET REPORT

The Australian stock market was up 0.45 percent on Tuesday February 8, 2011 with the S&P ASX 200 up 21.9 points to 4890.4 points.

Twelve of the Biotech Daily Top 40 stocks were up, 18 fell, nine traded unchanged and one was untraded.

Viralytics was the best, up 0.3 cents or 7.3 percent to 4.4 cents, with 4.3 million shares traded, followed by Alchemia up 6.7 percent to 72 cents with 256,599 shares traded.

Circadian climbed 3.7 percent; Sirtex rose two percent; with Bionomics, Impedimed, Mesoblast and Resmed up more than one percent.

Antisense and Compumedics led the falls, both down 12.5 percent to 0.7 cents and 14 cents, respectively with 6.5 million shares traded and 15,000 shares traded, respectively.

Benitec lost 11.1 percent, Uscom fell 7.6 percent; Cellmid and Sunshine Heart were down more than six percent; Immuron, Psivida and QRX fell more than five percent; Genetic Technologies, Living Cell and Phylogica fell four percent or more; Chemgenex, Phosphagenics and Universal Biosensors were down more than three percent; Prima shed two percent; with Cochlear and Heartware down more than one percent.

PHARMAXIS

Pharmaxis says the Australian Therapeutic Goods Administration has approved its Bronchitol for the treatment of cystic fibrosis.

Pharmaxis said the TGA approval meant Bronchitol, or inhaled dry powder mannitol, would be included in the Australian Register of Therapeutic Goods and had been approved for the treatment of cystic fibrosis in both adult and paediatric patients aged over six years as either an add-on therapy to dornase alfa (Pulmozyne) or in patients intolerant of, or inadequately responsive to, dornase alfa.

Pharmaxis chief executive officer Dr Alan Robertson told Biotech Daily that the company would meet with the Pharmaceutical Benefits Advisory Committee in March to discuss pricing.

Dr Robertson said the were about 2,500 people with cystic fibrosis in Australia and the potential addressable market was about $20 million to $25 million a year.

In the company's media release the chief executive officer of Cystic Fibrosis Australia Terry Stewart said his organization welcomed the approval of Bronchitol.

"There is a great need for new medicines for people with CF," Mr Stewart said.

"We must not forget that this is a genetic condition," Mr Stewart said.

"People have cystic fibrosis from their first breath, so anything new that can improve patients' way of living, their quality of life and potentially their length of life is a wonderful step forward," Mr Stewart said.

Dr Robertson said the TGA's decision was "the first approval for Bronchitol anywhere in the world and is an historic milestone for the company".

"It is fitting for a product that has been discovered and developed in Australia to be made available first to Australian patients," Dr Robertson said.

"We are extremely pleased to have concluded the regulatory review process for Bronchitol with the TGA, one of the world's leading regulatory bodies," Dr Robertson said.

"This approval is a testament to the hard work of many people in Pharmaxis and those in the CF community worldwide who have assisted in the clinical development of Bronchitol," Dr Robertson said.

Pharmaxis said that Bronchitol had been the subject of two pivotal clinical trials in cystic fibrosis in more than 600 people, involving 93 hospitals around the world.

The company said that Bronchitol had received orphan drug designation and fast track status from the US Food and Drug Administration and orphan drug designation from the European Medicines Agency.

Pharmaxis was up two cents or 0.74 percent to $2.74.

PHYLOGICA

Yesterday's edition reported Phylogica's chief financial officer Nick Woolf saying the company had about $2 million in cash and a burn rate of $600,000 per month, with more funds expected during the year.

Mr Woolf has subsequently told Biotech Daily that a review of the company's budget shows the burn rate is about $440,000 a month.

Phylogica fell 0.4 cents or 4.8 percent to 7.9 cents with 1.2 million shares traded.

COCHLEAR

Cochlear has again posted record revenue of $377.1 million up eight percent and net profit after tax up 16 percent to $87.2 million for the six months to December 31, 2010.
Cochlear said basic earnings per share was 154.3 cents, a 15 percent increase over the six months ended December 31, 2009.
The company said a final 60 percent franked dividend of $1.05 would be paid on March 15, 2011, based on a record date of February 25, 2011.
Cochlear said research and development expenditure was up 17 percent to $51.4 million or 13 percent of total revenue.
Cochlear chief executive officer Dr Chris Roberts told a teleconference that half of the company's total cumulative research and development spending had been expended in the last five years.
Dr Roberts said the Nucleus 5 hearing system was "incredibly well-received by recipients".
"That's a great product and has been hugely successful for us," Dr Roberts said.
Dr Roberts said an updated version of the software Custom Sound 3.2 had been developed and was expected to be released by July 2011.
He said the software could be used to upgrade recipients of the Nucleus 24 implant.
Dr Roberts said there had been growth in all sales regions including emerging markets, where children in particular were benefiting from the company's hearing implants.
He said the company had reduced its net debt to $17.2 million.
Cochlear fell $1.32 or 1.7 percent to $76.18.

SIRTEX MEDICAL

Sirtex says that reported dose sales of its SIR-Spheres treatment for liver cancer was up 17.2 per cent for the quarter ended December 31, 2010, compared with the previous corresponding period.
A Sirtex spokesman said the sales increased from 979 doses in the three months to December 31, 2009 to 1147 doses for the three months to December 31, 2010.
The spokesman said the doses were worth about $14,000 each, generating about $16,058,000 in revenue for the quarter.
A Sirtex media release said that the company had reported 26 consecutive quarters of positive doses sales of the targeted radioactive treatment since September 2004.
Sirtex said dose sales were "a core measure of performance and business growth and directly reflect the company's progress and success to create awareness and demand for the SIR-Spheres in the international medical community".
Sirtex chief executive officer Gilman Wong said the sales figures "reflect the continuing acceptance of SIR-Spheres microspheres to treat liver cancer patients across the world".
"Our focus is to significantly accelerate the growth of our business over coming years and we are making substantial investments in important clinical studies to provide the positive medical evidence to widen the use of SIR-Spheres microspheres to treat liver cancer patients at an earlier stage of their disease," Mr Wong said.
"At the same time we are investing in developing and broadening the business' operations and sales and marketing capability and are very confident solid and consistent growth will continue to be achieved," Mr Wong said.
Sirtex said dose sales were less than one percent of the addressable global market of people diagnosed worldwide each year with liver cancer.
The company said more than 17,000 liver cancer patients had been treated with SIR-Spheres microspheres at more than 400 hospitals and treatment centres.
Sirtex was up 11 cents or two percent to $5.60.

AUSBIOTECH

Ausbiotech says a proposed Bill in the Australian Senate "is threatening scientific research sustained by patents– on all biological materials".

Inviting the members to a February 11, 2011 briefing on the Patent Amendment (Human Genes and Biological Materials) Bill 2010, Ausbiotech says the industry needs to "find out why you should be concerned and what you can do to ensure the Bill is rejected".

"If this Bill becomes law, Australians will be denied the improved access to health care that stimulated the debate in the first place," Ausbiotech said.

The industry organization said that experts in patent law, medical research and the biotechnology industry would present "the side of the debate that is not being given enough attention and demonstrate why the Bill is flawed and does not serve the interests of patients, researchers or industry".

Ausbiotech chief executive officer Dr Anna Lavelle will provide as industry perspective and overview entitled 'Ausbiotech's campaign to reject the Bill' and a Griffith Hack principal Amanda Stark will discuss the legal perspective in a talk entitled 'Gene patents - what is all the fuss about?'

Walter and Eliza Hall Institute for Medical Research head of business development Dr Julian Clark will discuss the topic 'Do patents hinder research? A practical perspective.'

The member briefing will be held at the Walter and Eliza Hall Institute, Level 7, 1G Royal Parade, Parkville, Victoria on February 11, 2011 from 3.30pm until 6pm.

For registration contact Ausbiotech's Lorraine Chiroiu by email: lchiroiu@ausbiotech.org.

BIO-MELBOURNE NETWORK

The Bio-Melbourne Network will examine the predictability or otherwise of capital raisings for the sector at its February 15, 2011, Bio-Breakfast.

Bio-Melbourne Network chief executive officer Michelle Gallaher said the last year saw "mixed success" for biotechnology company capital raisings.

"It appears that for high-tech, innovation industries, there is a degree of unpredictability with the results of capital raising," Ms Gallaher said.

The Bio-Melbourne Breakfast will hear Deloitte corporate partner Jeremy Cooper discuss how the industry performed in a post-global financial crisis environment and what might be expected in the year ahead.

The Network said Mr Cooper would examine whether the "unpredictability" was unique to the biotechnology industry and comparisons would be drawn between other high risk, innovation-driven technology industries.

The Network said the focus would be on the relevant factors and key lessons that could be used in successful capital raising strategies.

The Bio-Melbourne Network said the February 15 Bio-Breakfast would be held at a new venue for 2011, the Australian Centre for the Moving Image at Federation Square, corner of Flinders Street and Swanston Street, Melbourne.

Registration is from 7:10am or at: www.biomelbourne.org/events/view/165.

PROBIOTEC

Probiotec has told the ASX that it is not aware of any information it has not announced which, if known, could explain recent trading in its securities.
The ASX said the company's share price fell from 62.5 cents on February 4, 2011 to 54 cents, a 13.6 percent fall, today, February 8, 2011 and noted an increase in trading volume.
Probiotec said it its auditors were reviewing its half year results and subject to no adjustments being made results would be in line with the guidance given on November 25, 2010 which said the company expected improved sales.
Probiotec fell 1.5 cents or 2.6 percent to 56.5 cents.

STIRLING PRODUCTS

Stirling has lowered its capital raising expectations from $6 million to $3 million.
In December 2010 Stirling emerged from a trading halt to confirm its previously announced intention to raise up to $6 million (BD: Dec 14, 2010).
Stirling said at that time it would have a placement and a rights issue and Novus Capital had been appointed lead broker, sponsoring broker and financial adviser.
Stirling said in December 2010 "the funding now in process is required to predominantly fund the company's continued commitment to its establishment as a cash flow driven company and to provide for the manufacture of finished goods, inventory and receivables".
Stirling provided no details of the capital raising.
Today, Stirling emerged from a trading halt saying it had appointed Novus to raise $3 million and provided a corporate presentation, but no details of the intended capital raising.
Stirling said the capital raising would be supplemented by selling its Sydney commercial properties by June 30, 2011 to raise about $650,000.
Stirling fell 0.1 cents or 14.3 percent to 0.6 cents with 5.75 million shares traded.