



Biotech Daily

Friday July 22, 2011

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH UP: ANTISENSE UP 12.5%; GENETIC TECHNO DOWN 26%**
- * **GENETIC TECHNOLOGIES RAISES \$12m; ASX 23% QUERY**
- * **IMMUNE SYSTEMS RAISES \$2.6m**
- * **BIOTECH WINS \$1m OF COMMERCIALISATION AUSTRALIA'S \$5m**
- * **VICTORIA'S \$1.6m FOR MEDICAL RESEARCH COMMERCIALIZATION FUND**
- * **SIRTEX SAYS DOSE SALES UP 19% FOR YEAR**
- * **NOVOGEN READY TO SELL CONSUMER PRODUCTS**
- * **MANDOLIN, ROBERT TOWNER DILUTED IN ALLIED HEALTH**
- * **BIO-SA'S 2011 BIOSCIENCES STRATEGY**
- * **BPH'S CORTICAL DYNAMICS \$2m IPO DELAYED ONE MONTH**
- * **BIOPROSPECT LOSES SNR SGT ANTHONY LANGDON; JUMPS 37.5%**

MARKET REPORT

The Australian stock market was up 1.03 percent on Friday July 22, 2011 with the S&P ASX 200 up 46.9 points to 4602.9 points. Twenty-one of the Biotech Daily Top 40 stocks were up, five fell, five traded unchanged and nine were untraded.

Antisense was the best, up 0.1 cents or 12.5 percent to 0.9 cents with 128,900 shares traded, followed by Circadian up 10.9 percent to 61 cents with 40,873 shares traded.

Benitec and Pharmaxis climbed more than seven percent; Impedimed and Virax were up more than five percent; Cellmid rose 4.2 percent; Bionomics and Living Cell were up more than three percent; Mesoblast, Phylogica, Sunshine Heart and Tissue Therapies rose more than two percent; with Acrux, Anteo, Biota, Clinuvel, Nanosonics, Sirtex and Starpharma up more than one percent.

Genetic Technologies led the falls, down 8.5 cents or 26.15 percent to 24 cents with 9.7 million shares traded; followed by Prana down 5.6 percent; Patrys fell 4.3 percent; Alchemia shed 2.1 percent; with Resmed down 1.35 percent.

GENETIC TECHNOLOGIES

Genetic Technologies has raised \$11.7 million in a placement to institutional and sophisticated investors in Australia and the US.

Genetic Technologies said the placement of 60,000,000 shares was at 19.5 cents per share and did not require shareholder approval.

Genetic Technologies chief executive officer Dr Paul MacLeman told Biotech Daily that the raising was significantly oversubscribed and about equally divided between Australia and the US, with more applications by number from Australia.

Dr MacLeman said that his company was looking to acquire further assets in oncology and “probably” in women’s health and was currently looking at suitable technologies.

The company said the capital raising was conducted by Lodge Corporate in Australia as lead manager, with more than 12 new institutional investors participating.

Genetic Technologies said that along with any acquisition the proceeds would be used to accelerate the roll-out of its lead cancer test Brevagen in the US.

Dr MacLeman said the placement was “a successful repositioning of our share register, and the addition of Australian and US institutional investors will support our capital management program”.

“The additional funding, combined with our existing cash reserves and building recurring income streams, underpins our ambition to become a leading global molecular diagnostics company,” Dr MacLeman said.

Separately, Genetic Technologies told the ASX that analysts’ reports may have pushed its share price 22.6 percent.

The ASX said the company’s share price rose from 26.5 cents on July 11, to 32.5 cents, a 22.6 percent increase, on July 12, 2011 and noted an increase in trading volumes.

The company said that with the placement news, it was not aware of any information it had not announced which, if known, could explain recent trading in its securities.

Genetic Technologies said that Lodge Partners had prepared an initiating coverage report and that the US-based Morningstar Equity Research had released a report.

Genetic Technologies fell 8.5 cents or 26.15 percent to 24 cents with 9.7 million shares traded.

IMMUNE SYSTEM THERAPEUTICS

Immune System Therapeutics says it has raised \$2.6 million from new and existing private and institutional investors through the issue of 5,200,000 shares at 50 cents a share.

Immune System chairman Dr Joe Collins said the capital raising was oversubscribed.

“This is testament of the continued confidence in the growing value of our promising anti-cancer therapy and drug platform,” Dr Collins said.

The company said the funds would expedite patient recruitment into its phase II clinical program for its lead anti-cancer compound MDX-1097 following confirmation of safety and efficacy in myeloma patients and the recent granting of orphan drug designation by the US Food and Drug Administration.

Dr Collins said his company was “focused on securing a licence agreement with a global pharmaceutical partner and planning the phase IIb trial to be initiated next year”.

The company said it might raise more capital for the further production of MDX-1097, a genetically-engineered antibody that binds specifically to a target protein found on the cell surface of some types of blood cancer.

Immune Systems said it expected the antibody to reduce the number of cancerous cells in multiple myeloma patients.

Immune System is a public unlisted company.

COMMERCIALISATION AUSTRALIA

Biotechnology has won \$1,244,839 of Commercialisation Australia's \$5 million with the largest grant to a company not related to chief executive officer Mr Doron Ben-Meir.

The single largest of the Commercialisation Australia grants of \$1,243,528 was awarded to Buildingiq for a building energy optimization program.

The contact for Buildingiq, Peter Hammond, is the principal of private investment firm Exto Partners and a director of Ondek which is developing vaccines and drug delivery based on Prof Barry Marshall's work on *Helicobacter pylori*.

Mr Hammond told Biotech Daily that he was not related to Commercialisation Australia chairman Dr Laurie Hammond.

In the most recent Biotech Daily 'Freedom of Information Act' request to the Department of Innovation, Mr Ben-Meir declared a potential conflict of interest in Global Kinetics, which was awarded \$439,625 for executives and proof-of-concept for its Kinetigraph System for Parkinson's disease symptoms, but a Departmental official said the company was unrelated to Mr Ben-Meir.

Inertial Orthopaedic Navigation Solutions was awarded \$305,250 to commercialize its hip replacement navigation system to obtain clinical safety and efficacy data.

The Tasmania-based Marinova was awarded \$249,964 for its proof-of-concept for a seaweed based treatment for osteo-arthritis and Ingeneus was awarded \$250,000 for a proof-of-concept for an integrated vitreoretinal surgery and laser platform.

The Departmental said that 13 companies shared \$5 million under the program.

Innovation Minister Senator Kim Carr said the Federal Government understood that "the commercialization process can be difficult and our talented researchers, inventors and entrepreneurs can lack the skills and networks needed to navigate through it".

"This investment aims to help our inventors get their products into the Australian and global marketplace," Senator Carr said.

VICTORIA GOVERNMENT

Victoria's Minister for Technology Gordon Rich-Phillips says new funding of \$1.6 million will support the Medical Research Commercialisation Fund over the next four years.

A Victoria Government media release said the Medical Research Commercialisation Fund was a venture capital fund investing in early-stage commercialization of medical research discoveries from its member medical research institutes and allied hospitals.

In June, the Medical Research Commercialisation Fund, managed by Brandon Capital Partners was one of three funds to receive \$20 million each from the Federal Government's Innovation Investment Fund (BD: Jun 9, 2011).

Mr Rich-Phillips said the funding demonstrated the Victorian Government's commitment to building strong capabilities in research commercialization.

"This represents a 33 per cent funding increase and demonstrates the Coalition Government's commitment to fostering economic development by supporting the commercialization of medical research in Victoria," Mr Rich-Phillips said.

"We are pleased to support the vital translation of research discoveries from these institutions into new products and services through our substantial support for the Medical Research Commercialisation Fund," Mr Rich-Phillips said.

Mr Rich-Phillips said Polyactiva was an example of an innovative business benefiting from the fund and conducting research with the Centre for Eye Research Australia to develop a technology for glaucoma treatment.

The media release said that since its establishment in 2007, the Medical Research Commercialisation Fund had invested more than \$6.8 million in Victorian businesses.

SIRTEX MEDICAL

Sirtex says sales of SIR-Spheres microspheres for inoperable liver cancer, increased 19.3 percent for the year to June 30, 2011, compared to the previous corresponding period. Sirtex did not disclose revenue figures and has previously said dose sales was its "key metric of business growth", despite currency and other costs reducing revenue and profit (BD: Feb 23, Apr 11, 2011).

Sirtex said dose sales were up 23 percent in the three months to June 30, 2011 compared with the same period last year.

Sirtex said it had reported 28 consecutive quarters of positive dose sales growth.

Sirtex chief executive Gilman Wong said the "unbroken line of steady growth reflects the growing awareness and confidence among the international medical community about the positive clinical outcomes for patients treated with SIR-Spheres microspheres".

"The results demonstrate our strategies to grow the business are working and we are very encouraged that more people are able to benefit from this potentially life improving therapy," Mr Wong said.

Sirtex said US sales improved 19.3 percent for the year and 30.9 percent for the quarter, Europe was up 24.5 percent and 17.7 percent, respectively, while Asia Pacific sales increased 3.1 percent for the year and fell 5.4 percent in the three months to June 30.

Sirtex said the sales represented less than one percent of the addressable market of people diagnosed annually worldwide with liver cancer and about 20,000 doses of SIR-Spheres had been supplied to treat liver cancer patients at more than 400 medical centres worldwide to date.

Sirtex was up nine cents or 1.8 percent to \$5.04.

NOVOGEN

Novogen says it has an agreement to sell its consumer products division to an unnamed buyer, which is expected to close within the next 60 days.

Novogen said the terms of the agreement were not disclosed.

The company said its consumer products division included Promensil for the treatment of menopause symptoms and Trinovin for men's health, which had been sold globally and which were the beginning of Novogen commercializing its intellectual property before its subsequent focus on development of anti-cancer drugs.

Novogen chairman William Rueckert said the company had been looking at strategic alternatives for its consumer products business.

"While this business has grown over the past 12 months and is profitable, it does not fit with our longer term focus on therapeutic drug development programs primarily, through our majority owned subsidiaries Marshall Edwards and Glycotex," Mr Rueckert said.

"With this transaction we believe we will realize good value for our shareholders from a buyer which will continue the development of our successful brands," Mr Rueckerts said. He said the company was "looking at opportunities for the reinvestment of the proceeds".

Novogen fell one cent or 5.9 percent to 16 cents.

ALLIED HEALTHCARE GROUP

Allied Health director Robert Towner, as a director of Mandolin Pty Ltd, said his private company had ceased its substantial holding in Allied.

Mr Towner said he had been diluted below the five percent substantial level through merger of Biomd and Allied and retained 10,115,000 shares.

Allied health was up 0.4 cents or 5.7 percent to 7.4 cents with 9.8 million shares traded.

BIO-SA

South Australian industry organization Bio-SA says it will launch a strategy to build the State's biotechnology sector into a major Asia Pacific centre.

Bio-SA said the strategy coincided with its 10-year anniversary and it had generated more than "\$150 million in new benefits to the state".

Bio-SA said the strategy entitled, 'Building a Bio-Economy' built on an Access Economics review that found for every dollar invested in Bio-SA, four dollars was generated in economic return to the state.

A Bio-SA media release said, the South Australian biotechnology sector had seen four new bioscience companies established, Bio-SA had awarded more than \$3.2 million in grants to local companies and technologies to further their growth and the business development team assisted a total of 34 companies.

Bio-SA said the local industry has raised \$25 million in capital.

The industry group said a milestone was the development of Thebarton as a bioscience cluster rising from 12 companies in 2001 to 30 companies in 2011.

CORTICAL DYNAMICS, BPH

BPH Energy says the Cortical Dynamics initial public offering to raise up to \$4 million and list on the ASX has been delayed by about one month (BD: Jun 23, 2011).

BPH Energy, formerly Biopharmica, said the listing was to commercialize Cortical Dynamics' Brain Anaesthesia Response Monitor.

Cortical Dynamics is a 3.6 percent subsidiary of BPH, which has interests in spin-out Molecular Discover Systems and the HLS5 tumor suppressor gene (BD: Nov 13, 24, 2009) and is associated with underwriter Grandbridge Securities.

The Swinburne University-developed Brain Anaesthesia Response (BAR) Monitor was developed to detect the depth of anaesthesia in patients undergoing surgery, following reports of patients aware of their surgery and unable to communicate their level of pain and or consciousness (BD: Jul 23, 2010).

The initial public offer is for 10 million shares at 20 cents a share with one free attaching option per share exercisable at 20 cents up to June 30, 2012, with over-subscriptions of up to a further 10 million shares and options on the same terms.

The offer was intended to open on June 10 and close on July 22, 2011 with an expected listing on the ASX under the code CDZ on July 29, 2011.

The company said the offer would open on July 6 and close on August 16 with a listing expected on August 23, 2011.

BPH fell 0.3 cents or 7.7 percent to 3.6 cents.

BIOPROSPECT

Bioprospect says Senior Sergeant Anthony Langdon of Victoria's Water police will resign effective from August 15, 2011.

Bioprospect said that Senior Sergeant Langdon was appointed on September 1, 2008 (BD: Sep 22, 2008).

Bioprospect was up 0.3 cents or 37.5 percent to 1.1 cents with 11 million shares traded.