



Biotech Daily

Monday August 29, 2011

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH UP: PRIMA UP 11%, VIRAX DOWN 14%**
- * **VICTORIA \$7m BIOTECH SECONDARY SCHOOL AT UNIVERSITY HIGH**
- * **CATHRX SIGNS 2nd COMMERCIALIZATION TERM SHEET**
- * **IMMURON READIES FOR ISRAEL PHASE I/II IMM255 INFLUENZA TRIAL**
- * **NANOSONICS REVENUE UP 93% TO \$3m, LOSS UP 37% TO \$11m**
- * **PHOSPHAGENICS H1 SALES UP 203%, LOSS UP 697%**
- * **MEDICAL DEVEL REVENUE UP 23%, PROFIT UP 98% TO \$2m, DIVIDEND**
- * **AUSTRALIAN PATENT FOR ALLIED'S ADAPT BOVINE PATCH**
- * **BANK OF NEW YORK MELLON QUILTS COCHLEAR**
- * **ORBIS TAKES 19% OF IMPEDIMED**
- * **AUSTRALIAN LEADERS TAKES 7.7% OF ATCOR**

MARKET REPORT

The Australian stock market climbed 1.51 percent on Monday August 29, 2011 with the S&P ASX 200 up 63.3 points to 4263.3 points. Eighteen of the Biotech Daily Top 40 stocks were up, five fell, 10 traded unchanged and seven were untraded. All three Big Caps were up.

Prima was the best, up two cents or 11.4 percent to 19.5 cents with 20 million shares traded.

Viralytics climbed 8.9 percent; Allied Health was up 6.1 percent; Alchemia and Optiscan were up more than four percent; Anteo, Circadian, Cochlear, Living Cell and Phosphagenics were up three percent or more; Bionomics, CSL, Mesoblast, Starpharma and Sunshine Heart rose more than two percent; with Acrux, Impedimed, Phylogica and Tissue Therapies up one percent or more.

Virax led the falls, down 0.3 cents or 13.6 percent to 1.9 cents with 50,000 shares traded. Nanosonics fell 5.8 percent; Patrys shed 2.7 percent; with Sirtex down one percent.

VICTORIAN GOVERNMENT

Victoria Education Minister Martin Dixon has approved construction of a \$7 million Bio-21 Science School at University High School in Parkville.

Mr Dixon said the new school would work closely with the University of Melbourne's Bio21 Molecular Science and Biotechnology Institute to explore medical, agricultural, and environmental biotechnology.

University High School is opposite the University of Melbourne and adjacent to the Walter and Eliza Hall Institute, the Ludwig Institute and the Royal Melbourne and Women's Hospitals.

Mr Dixon said the establishment of the science school was an "important component of the ... Government's commitment to enhancing science and maths education in schools".

"The new facility will help to further promote students' interest and involvement in maths and science based studies and provide strong connections to higher education pathways. It will also play a key role in supporting teacher development in the sciences."

Mr Dixon said the project would also build on the strong relationships between the Department of Education and Early Childhood Development, the University of Melbourne, University High School and Debney Park Secondary College.

"The new Bio-21 school will also complement the Gene Technology Access Centre, located at University High School, which delivers world-class education programs in cell and molecular biology with a focus on sustainable environmental development practices," Mr Dixon said.

Mr Dixon said the school would provide ongoing support and access for students studying in a model that was "already a success" at John Monash Science School, which is co-located at Monash University in Clayton.

A Victorian Government media release said the Bio-21 Science School would feature a specialist science, mathematics and technology campus for more than 200 students, incorporating an innovative curriculum in an adult learning environment.

Mr Dixon said the new Bio 21 school would also play a key role in supporting teacher development in maths and science.

"The Victorian Government has a major commitment to promoting the teaching and learning of maths and science in our schools," Mr Dixon said.

"Over the past decade participation in maths and science subjects at Victorian schools has declined," Mr Dixon said.

"We want to reverse that trend and we want to ensure our state remains at the forefront in scientific research," Mr Dixon said.

CATHRX

Cathrx says it has signed a second detailed term sheet with an unnamed prospective licensee to develop and commercialize its catheters in Europe (BD: Aug 19, 2011).

The company said the parties would begin the process of due diligence and negotiations for a definitive commercial agreement relating to its re-processable cardiac catheters.

Cathrx chief executive officer Jeff Goodman said he was "pleased with the level of interest being shown in the technology and will be working diligently to secure the best deal possible for Cathrx shareholders".

"Until due diligence is satisfactorily completed and a definitive agreement is signed, the terms of both term sheets remain non-binding with the exception of confidentiality," Mr Goodman said.

Cathrx was unchanged at 14 cents.

IMMURON

Immuron says it will start placebo-controlled, phase I/IIa human trials for its influenza product IMM255 by the end of 2011 at Hadassah Medical Center in Jerusalem.

Immuron said studies in mice and ferrets in Israel and Australia continued to support the use of Immuron's bovine colostrum-based oral preparation against influenza viruses.

Immuron said the aim of the study was to measure the extent to which IMM255 boosted immunity against influenza virus.

Immuron executive officer Joe Bains said the company was "en-route to developing a unique product with benefits that have global possibilities, especially in light of the human and economic burdens of influenza".

"If all progresses according to expectations, we anticipate having a commercial-ready product as early as two years after commencing this trial," Mr Bains said.

Hadassah's head of the Department of Medicine Prof Yaron Ilan said that one of the advantages of IMM255 was that unlike influenza vaccines, "it appears to boost the immune system regardless of the strain of influenza".

Immuron was unchanged at 6.6 cents.

NANOSONICS

Nanosonics says its net loss after tax for the 12 months to June 30, 2011 was up 37 percent to \$11,214,000 on revenue up 93 percent to \$3,299,000.

Nanosonics chairman Maurice Stang said the company had a strong balance sheet, was debt free "and has begun to generate meaningful early revenue".

Mr Stang said Nanosonics had distribution agreements for the Trophon EPR ultrasound transducer disinfectant and "the partnership with GE Healthcare gives us priority access to a global customer base and GE Healthcare is actively promoting our products in markets throughout the globe".

Nanosonics said research and development costs increased 53.1 percent to \$3,627,000.

Nanosonics said that net tangible assets per share fell 41 percent to 6.1 cents, while diluted loss per share increased 26 percent to 4.9 cents.

The company said no dividend would be paid.

Nanosonics said it had cash and cash equivalents of \$12,356,000 at June 30, 2011 down 41.6 percent compared to June 30, 2010.

Nanosonics fell 3.5 cents or 5.8 percent to 56.5 cents.

PHOSPHAGENICS

Phosphagenics says revenue for the six months to June 30, 2011 was down 68 percent to \$1,663,000, with a net loss after tax up 697 percent to \$4,382,000.

Phosphagenics said that the sale of goods increased 202.5 percent to \$1,204,000 compared to the \$398,000 received in the six months to June 30, 2010, but in the previous period it had received \$4,241,000 in licencing revenue for over-the-counter products from Prophase, formerly Quigley, with \$124,000 received in the six months to June 30, 2011.

The company said research costs increased 56.3 percent to \$1,194,000.

Phosphagenics said its net tangible assets per share fell 15.7 percent to 1.07 cents and diluted loss per share increased 700 percent to 0.56 cents.

The company said it had cash and cash equivalent of \$6,328,000 at June 30, 2011 compared to \$8,433,000 at June 30, 2010.

Phosphagenics was up half a cent or 3.85 percent to 13.5 cents with 2.1 million shares traded.

MEDICAL DEVELOPMENTS

Medical Developments says revenue for the 12 months to June 30, 2011 was up 23.0 percent to \$10,206,000 with net profit after tax up 98.3 percent to \$1,743,000.

Medical Developments said it would pay a fully-franked three cent dividend per share.

Medical Developments said net tangible asset backing per share was up 26.4 percent to 9.1 cents.

The company said basic earnings per share was up 100 percent to 3.4 cents for the year to June 30, 2011 compared to previous corresponding period.

Medical Developments said it had \$3,541,000 in cash at June 30, 2011, up 98.7 percent compared to \$1,782,000 at the end of the previous financial year.

Medical Developments fell two cents or four percent to 48 cents.

ALLIED HEALTHCARE GROUP

Allied Health says that Intellectual Property Australia has granted its Celxcel business a patent for its proprietary Adapt tissue engineering process.

Allied said the patent, entitled 'An Implantable Biomaterial and a Method of Producing Same' was for a technology designed to develop implantable tissue that was more compatible with the human body than currently used synthetic tissue.

The company said the Adapt process produced a bio-prosthetic scaffold or extra-cellular matrix made from animal tissue.

Allied is developing the process for bovine tissue, but prior to the Allied and Biomed merger, Biomed was also investigating the use of kangaroo material (BD: Feb 19, 2009).

Today the company said that depending on the site of the implantation, the patient's own cells will migrate into the matrix and stimulate site specific controlled remodeling.

Allied said that at the same time, new blood vessels were formed that led to functional tissue repair.

The company said the implanted matrix was gradually remodeled and eventually replaced by the body's own new tissue structures.

Allied managing director Lee Rodne said the process opened great promise for the development of new products for use in general surgery and cardiovascular repair.

"So far we have focused on using this Adapt process to develop our most clinically-advanced product Cardiocel," Mr Rodne said.

"It is also being evaluated by a leading global tissue heart valve manufacturer for use on its regulatory approved heart valves," Mr Rodne said.

"The Adapt process can be used to develop a wide range of tissue products," Mr Rodne said.

"We are currently looking at its application for hernia repair, uro-gynaecology [or] pelvic floor reconstruction, orthopaedics, cardiovascular repair and as a scaffold to grow and deliver stem cells," Mr Rodne said.

Allied said that Cardiocel was a cardiovascular patch to treat congenital heart disease, which had completed phase II human trials and was undergoing regulatory approval by the Australian Therapeutic Goods Administration for heart deformity repairs.

The company said the Adapt platform technology had received granted patents in China, Korea, New Zealand and South Africa, with patent applications under examination in Europe and the US.

Allied Health was up 0.3 cents or 6.1 percent to 5.2 cents.

COCHLEAR

The Bank of New York Mellon has ceased its substantial shareholding in Cochlear with the sale of 2,814,771 of the 2,847,424 shares or 5.02 percent it acquired last month.

Last month's initial substantial shareholder notice said the Wall Street New York bank acquired the shares on behalf of related companies, MBSC Securities, Dreyfus Corp, Walter Scott and Partners and Ankura Capital, during the past four months but did not disclose the acquisition prices (BD: Jul 21, 2011).

Today's notice said the shares were sold for \$71.87 each.

Cochlear was up \$2.64 or 3.6 percent to \$76.79.

IMPEDIMED

Orbis Investment Management has increased its substantial shareholding in Impedimed from 27,843,273 shares (17.79%) to 29,408,960 shares (18.79%).

Orbis said it acquired the 1,565,687 shares for \$878,405 or an average price of 56.1 cents a share.

Impedimed was up half a cent or one percent to 52.5 cents.

ATCOR MEDICAL

The Australian Leaders Fund has increased its substantial shareholding in Atcor from 9,001,403 shares (6.71%) to 10,341,938 shares (7.71%).

The Australian Leaders Fund said it most recently acquired 400,000 shares for \$32,105 or an average price of 8.03 cents a share.

Atcor was unchanged at eight cents.