



Biotech Daily

Tuesday August 9, 2011

Daily news on ASX-listed biotechnology companies

- * **ASX UP, BIOTECH DOWN: PHYLOGICA UP 12.5%; ALCHEMIA DOWN 35%**
- * **GSK LANDS GENERIC COUNTERPUNCH TO ALCHEMIA'S FONDAPARINUX**
- * **COCHLEAR RECORD REVENUE UP 10% TO \$810m, PROFIT UP 16%**
- * **UNIVERSAL BIOSENSORS H1 REVENUE UP 2% TO \$6m, LOSS UP 120%**
- * **VICTORIA SUPREME COURT APPROVES CELLESTIS TAKEOVER**

MARKET REPORT

The Australian stock market closed the day up 1.22 percent on Tuesday August 9, 2011 with the S&P ASX 200 up 48.7 points to 4034.8 points.

Eleven of the Biotech Daily Top 40 stocks closed up, 18 fell, seven traded unchanged and four were untraded. All three Big Caps fell.

Phylogica was the best, up 0.7 cents or 12.5 percent to 6.3 cents with 1.4 million shares traded, followed by Sunshine Heart up 11.1 percent to four cents with 440,000 shares traded.

Pharmaxis climbed nine percent; Tissue Therapies was up 6.9 percent; Benitec and Cellmid were up more than four percent; Sirtex was up 3.65 percent; Acrux and Starpharma rose more than two percent; with Cellestis and Psivida up by less than one percent.

Alchemia led the falls, down as much as 44.55 percent to 28 cents before closing down 17.5 cents or 34.65 percent at 33 cents with 3.5 million shares traded.

Prana lost 9.4 percent; Circadian fell 7.4 percent; Optiscan was down 6.3 percent; Virax fell 5.3 percent; Phosphagenics and Universal Biosensors fell more than four percent; Impedimed and Viralytics were down more than three percent; Bionomics shed two percent; with Biota, Clinuvel, Cochlear, Heartware, Living Cell, Mesoblast, Nanosonics, Patrys, QRX and Resmed down more than one percent; and CSL down 0.9 percent.

ALCHEMIA, GLAXOSMITHKLINE

Alchemia fell as much as 44.55 percent to 28 cents on news that Canada's Apotex has launched an authorized generic version of Glaxosmithkline's Arixtra.

Alchemia said there had been no announcement about an authorized generic of the anti-coagulant fondaparinux sodium from either Glaxosmithkline or the generics company Apotex, but according to the Apotex website, the drug was launched on August 2, 2011. Alchemia chief executive officer Dr Pete Smith told Biotech Daily that although Apotex said the product had been launched it was not in pharmacies, unlike his company's generic fondaparinux, launched by Dr Reddy's Laboratories last week (BD: Aug 4, 2011). "It didn't seem to be in GSK's best interest [to run an authorized generic] when we did our modeling," Dr Smith said. "Obviously their modeling was different."

Dr Smith said authorized generics were mostly run against blockbuster drugs and Arixtra was sizeable "but it's not a blockbuster".

Dr Smith said Alchemia still expected its fondaparinux to be profitable but not as much as if there was not an authorized generic competitor.

In a media release Dr Pete Smith said "it was not uncommon for a branded drug manufacturer to launch an [authorized generic] through a third party".

"At this stage we have no information on the extent of likely competition or whether the [authorized generic] has entered or, indeed, will enter the market," Dr Smith said.

Alchemia said that authorized generics were approved by the US Food and Drug Administration as brand-name drugs.

The company said the packaging was different, but the drug products were chemically identical and because the authorized generic was produced under the existing application of the branded drug manufacturer, the authorized generic did not need a separate approval through the abbreviated new drug application route, as competitors would.

Alchemia closed down 17.5 cents or 34.65 percent at 33 cents with 3.5 million shares traded.

COCHLEAR

Cochlear says revenue for the 12 months to June 30, 2011 was up 10 percent to \$809.6 million with net profit after tax up 16 percent to \$180.1 million

Cochlear said implant unit sales increased 17 percent to 24,661 for the 12 months, with implant sales increasing seven percent to \$648.0 million.

The company said Bone anchored hearing aid (Baha) revenue fell nine percent to \$84.2 million while foreign exchange contract gains increased 101 percent to \$77.4 million.

Cochlear said US sales increased three percent to \$317 million, with Europe, Middle East and Africa sales up one percent to \$293.3 million and Asia-Pacific sales were up 26 percent to \$121.9 million.

Cochlear said research and development costs were up 15 percent to \$108.9 million.

The company said basic earnings per share was up 15 percent to \$3.182 and a final 70 percent franked dividend of \$1.20 per share, up 14 percent, would be paid.

The company said it had turned the previous year's net debt of \$113.9 million to a positive net cash position of \$9.4 million at June 30, 2011.

Cochlear chief executive officer Dr Chris Roberts said the company had reported "an excellent financial result with record revenue, profit and a net cash position at year end".

"This result was achieved in difficult global financial conditions and highlights the multiple growth drivers the business delivers across products and geographical spread ... [which] continue to stimulate long term sustainable growth," Dr Roberts said.

Cochlear fell \$1.03 or 1.6 percent to \$65.00.

UNIVERSAL BIOSENSORS

Universal Biosensors says total revenue for the six months to June 30, 2011 was up 2.1 percent to \$6,309,216 with net loss after tax up 119.6 percent to \$7,957,040.

Universal Biosensors said that for the six months to June 30, 2011, revenue from products – primarily test strips for the Johnson & Johnson Lifescan blood glucose meter – was up 93.7 percent to \$5,587,167 compared to the previous corresponding period in 2010, but revenue for services, such as contract development work for Lifescan fell 78.1 percent to \$722,049.

The company said the cost of goods sold increases 78.0 percent to \$6,186,844, research and development costs were up 40.7 percent to \$4,717,489.

Universal Biosensors said that diluted loss per share increased 150 percent to five cents, compared to the six month to June 30, 2010.

Universal Biosensors fell four cents or 4.3 percent to 90 cents.

CELLESTIS

Cellestis says the Supreme Court of Victoria has approved the scheme of arrangement for Cellestis to be acquired by Qiagen NV.

Cellestis said the Court's orders would be lodged with the Australian Securities and Investments Commission on August 10, 2011 when the scheme would become effective.

The company said its shares would be suspended from trading on ASX at the close on August 10, 2011.

Cellestis said shareholders at the record dates would receive the scheme consideration of \$3.74 a share and the special dividend of six cents by September 1, 2011.

Cellestis was up one cent or 0.3 percent to \$3.78.