



Biotech Daily

Friday October 14, 2011

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH DOWN: LBT UP 10%; HEARTWARE DOWN 14%**
- * **BIOTECH SPECIALIST JON MOWLES WANTS YOUR COMPANY IN BRITAIN**
- * **CATHRX 1-FOR-7 RIGHTS ISSUE TO RAISE UP TO \$2m**
- * **COGSTATE SIGNS 2 CONTRACTS WORTH \$1.6m**
- * **NANOSONICS SCALING-UP PRODUCTION; LAUNCH OF N20 DISINFECTOR**
- * **PERPETUAL TAKES 9% OF SIRTEX**
- * **QRX AGM VOTES ON 250k CEO OPTIONS, ELECT DIRECTOR**
- * **LBT AGM VOTES ON 500k DIRECTOR OPTIONS, ELECT DIRECTORS**
- * **PHARMAUST'S DR MARTINE KEENAN WINS UK CHEMISTRY PRIZE**

MARKET REPORT

The Australian stock market retreated 0.92 percent on Friday October 14, 2011 with the S&P ASX 200 down 38.9 points to 4,205.6 points.

Eight of the Biotech Daily Top 40 stocks were up, 15 fell, eight traded unchanged and nine were untraded.

LBT was the best, up 0.4 cents or 9.5 percent to 4.6 cents with 38,086 shares traded, followed by Pharmaxis up 6.2 percent to 86 cents with 863,140 shares traded.

Benitec, Biota, Cochlear and Viralytics climbed five percent or more; QRX was up 3.1 percent; Anteo was up 1.75 percent; with Clinuvel up 0.7 percent.

Heartware led the falls, down 28 cents or 13.7 percent to \$1.76 with 22,400 shares traded.

Alchemia, Allied Health and Cellmid lost five percent or more; Cathrx, Genetic Technologies, Nanosonics, Phylogica and Prana were down more than three percent; Acrux, Living Cell, Phosphagenics and Sirtex shed more than two percent; Resmed was down 1.7 percent; with CSL, Mesoblast and Starpharma down by less than one percent.

UK DEPARTMENT OF TRADE AND INVESTMENT

Department of Trade and Investment life sciences sector specialist Jon Mowles is in Australia to promote Britain as a centre for European Biotechnology.

In Melbourne on October 13 and 14 as part of a tour of Australia and New Zealand, Mr Mowles told Biotech Daily he would be in Adelaide next week for the Ausbiotech conference to let the industry know “what the UK has to offer as an entrée to Europe”.

Apart from the language and educational connections, Mr Mowles said the UK was a “knowledge economy with universities, medical schools and research collaborations ... and part of the European Union with 450 million people and a single regulatory block”.

Mr Mowles said he was privately contracted to the UK Office of Life Sciences, which had eight civil servants able to assist companies wanting to establish or expand their businesses in Britain.

Mr Mowles said the British Government was providing matched funding to venture capital firms and the fund had about GBP150 million (\$A 231.8 million) to invest, originally planned solely for biotechnology, but recently widened to include other innovative technologies.

In a media release the Department of Trade and Investment said Mr Mowles was a life sciences sector specialist with 30 years experience and extensive knowledge of the UK market including life science trends, National Health Service (NHS) procurement and Government policies, potential partnering, set up and acquisitions.

The media release said Mr Mowles co-founded contract services company CTM Biotech, which provided early-stage process development and pre-clinical production to later-stage project management.

Mr Mowles was the senior scientific officer at London's University College Hospital and was formerly the principle microbiologist at the European Collection of Animal Cell Cultures, where he managed income-generating projects in cell culture development, master cell banking and cell line authentication for bio-pharmaceutical companies.

In 1994 Mr Mowles was appointed general manager at Biochem Pharma subsidiary Biochem Immunosystems.

The media release said Mr Mowles held a Masters of Science degree in medical microbiology from the University of London and an MBA from the Open University.

The Department of Trade and Investment said that its ‘sector specialists’ group was “a team of specialists providing highly flexible sectoral and technical input for both trade and inward investment activities”.

The Department said the team provided “dedicated, professional assistance on all aspects of locating a new business in the UK, expanding existing facilities or developing international trade”.

The Department said that each sector specialist was able to offer a variety of services, including access and introductions to sector networks such as industry leaders, chambers of commerce, universities and other centres of research and development excellence; provide in-depth knowledge of UK strengths within a sector; knowledge of existing clusters and expertise across the UK; assessment and adaptation of business models to ensure successful market access and entry; information on policy and strategic issues; and market intelligence for both current and future trends at home and overseas.

The Department said that the sector specialist provided assistance across a range of new industries.

For more information contact Mr Mowles at jon.mowles@uktispecialist.com or the Melbourne-based Majella Hamilton at majella.hamilton@fco.gov.uk.

CATHRX

Cathrx hopes to raise up to \$2,046,856 through a fully underwritten non-renounceable one-for-seven share entitlement issue at 10 cents a share.

The company said it would issue about 20,468,560 shares to fund working capital and continued development and testing its products.

Cathrx said the rights issue was underwritten by the Malaysia-based Cybotel Industries. Cathrx said the record date was October 24, 2011, the offer would open on October 25 and close on November 9, 2011.

Cathrx fell 0.5 cents or 3.3 percent to 14.5 cents.

COGSTATE

Cogstate says it has signed two sales contracts worth \$US1.66 million (\$A1.63 million) new clinical trials with pharmaceutical companies.

Cogstate said it would provide its cognitive testing technology and associated services as part of a phase II schizophrenia study, in which its test would be a secondary endpoint in a study to assess efficacy, safety and tolerability of the compound as augmentation therapy to improve negative symptoms and cognition in outpatients with schizophrenia; as well as a phase I investigational study in patients with mild Alzheimer's disease.

The company said that since July 1, 2011, it had signed sales contracts worth \$US3.9 million compared to \$US1.9 million in contracts between July 1 and October 31, 2010.

Cogstate was untraded at 16 cents.

NANOSONICS

Nanosonics says it is scaling-up production for its Trophon EPR ultrasound transducer disinfection system and has leased additional premises next to its manufacturing facility.

Nanosonics said the fit-out of the new unit would be completed in November 2011 and increase production capacity by more than 50 percent.

The company said its manufacturing team had achieved "excellent results" in the improvement of both capacity and efficiency in core manufacturing operations resulting in higher production output which had doubled since July 2011, enhanced process yields, improving process stability and an increasingly scalable manufacturing process.

Nanosonics said it was evaluating options for a new headquarters and manufacturing facility in Sydney to implement a 'step change' in capacity.

The company said the N20 Trophon had been upgraded to an international 220 volt version ahead of schedule, which was ready for the European and Asia-Pacific markets.

Nanosonics said it was targeting the N20 Trophon EPR for release into other key international markets, which support the 220/240 volt standard.

Nanosonics fell two cents or 3.5 percent to 55 cents.

SIRTEX MEDICAL

Perpetual and its subsidiaries have increased their substantial shareholding in Sirtex from 2,850,000 shares (5.11%) to 4,958,459 shares (8.89%).

The initial substantial shareholder notice said the shares were acquired by a range of nominee companies including JP Morgan Chase, Citicorp, National, Cogent, UBS and RBC Dexia and were acquired on May 17, 2011 and October 12, 2011 at prices from \$4.21 to \$5.25.

Sirtex fell 10 cents or two percent to \$4.80.

QRX PHARMA

QRX shareholders will vote to issue 250,000 options to chief executive officer Dr John Holaday, approve a prior placement and re-elect director Dr Peter Farrell.

The QRX annual general meeting notice said Dr Holaday's options would vest in eight tranches over three years and were exercisable at "the share price on the date of the grant of the options" within seven years.

QRX will ask shareholders to approve a prior issue of 17,241,379 placement shares, which raised \$25 million and re-elect director Dr Peter Farrell.

The meeting will be held at Dibbsbarker, Level 8, 123 Pitt Street, Sydney on November 16, 2011 at 10am (AEDT).

QRX was up four cents or 3.1 percent to \$1.325.

LBT INNOVATIONS

LBT shareholders will vote to issue 500,000 options exercisable at seven cents by November 21, 2021 to director Dr Michael Hirschorn and elect directors.

The LBT annual general meeting notice said Dr Hirschorn would receive \$49,050 including superannuation for the year to June 30, 2012 excluding the options.

LBT will ask shareholders to approve a change to the company's constitution and re-elect directors Stephen Mathwin and Dr Hirschorn.

The meeting will be held at Edwards Marshall, Level 3, 153 Flinders Street, Adelaide on November 21, 2011 at 1pm (ACDT).

LBT was up 0.4 cents or 9.5 percent to 4.6 cents.

PHARMAUST, EPICHEM

Epichem's Dr Martine Keenan has won the poster prize at the Society of Chemical Industry and the Royal Society of Chemistry medicinal chemistry symposium

Epichem is a wholly-owned subsidiary of Pharmaust and Dr Keenan is Epichem's head of drug discovery.

The Royal Society of Chemistry said the symposium was at Cambridge's Churchill College in September and was jointly organized with the Society of Chemical Industry to give an overview of new strategies in medicinal chemistry and pharmaceutical research.

Dr Keenan's poster entitled: 'Collaborative drug discovery for neglected diseases: novel compounds for the treatment of Chagas Disease' presented the identification and development of two novel compound series active against the intracellular protozoan parasite *Trypanosoma cruzi*, the causative agent of the Chagas disease.

The Royal Society of Chemistry said that Chagas disease was endemic in 21 countries across Latin America and was responsible for more deaths in that region than malaria, or any other parasite-borne disease, and was spreading to developed countries including Australia, the US, Japan and Spain.

The Society said Dr Keenan's work was the result of a collaborative drug discovery consortium established by the not-for-profit, drug research and development organization Drugs for Neglected Diseases initiative.

Pharmaust was untraded at 1.8 cents.