



Biotech Daily

Monday October 3, 2011

Daily news on ASX-listed biotechnology companies

- * **SEPTEMBER BDI-40 DOWN 4.8%; ASX200 DOWN 6.7%;**
 - **BDI-40 LEADS OVER 1, 2, 5 YEARS;**
 - **COCHLEAR DOWN 39% ALLIED DOWN 38%; SUNSHINE HEART UP 27%**
- * **TODAY: ASX, BIOTECH DOWN:**
 - **PHOSPHAGENICS UP 3%; ANTISENSE DOWN 11%**
- * **HEARTWARE 241-PATIENT DATA: 93% SURVIVAL AT 180 DAYS**
- * **PHOSPHAGENICS OPTS FOR TWICE-WEEKLY OXYCODONE PATCH**
- * **HEALTHLINX AGM FOR 5.6m CEO OPTIONS; DUTCHESS FACILITY**
- * **JEK NAN YAP TAKES 9% OF CATHRX**
- * **PROGEN LOSES DIRECTOR THOMAS BURT**
- * **GENETIC TECHNOLOGIES APPOINTS DR MERVYN CASS DIRECTOR**
- * **CIRCADIAN LOSES DR JONATHAN SKIPPER, CARLO MONTAGNER**
- * **MONSOON HIRES ABC-TV'S KATE TOZER, EX-CEO MARTIN SOUST**

MARKET REPORT

The Australian stock market fell 2.78 percent on Monday October 3, 2011 with the S&P ASX 200 down 111.6 points to 3897 points. Five of the Biotech Daily Top 40 stocks were up, 17 fell, six traded unchanged and 12 were untraded. All three Big Caps were up.

Phosphagenics and Reva were equal best, up 3.33 percent to 15.5 cents and 62 cents, respectively, with 921,014 shares and 2,000 shares traded, respectively. Tissue Therapies was up 3.26 percent; CSL was up 1.2 percent; with Biota, Cochlear, Psivida and Resmed up by less than one percent.

Antisense led the falls, down 0.1 cents or 11.1 percent to 0.8 cents, with three million shares traded, followed by Cellmid down 10.5 percent to 1.7 cents with 949,402 shares traded.

Patrys lost 7.4 percent; Alchemia and Benitec fell five percent or more; Acrux, Allied Health, Anteo, Prima, Starpharma and Viralytics were down more than three percent; Mesoblast, Pharmaxis, QRX and Universal Biosensors shed more than two percent; with Bionomics and Nanosonics down more than one percent.

BIOTECH DAILY TOP 40 INDEX (BDI-40)

Despite a six-month downward trend, the Biotech Daily Top 40 Index (BDI-40) has remained well ahead of the S&P ASX200 for the year, for two years and over five years.

The BDI-40 (which does not include the Big Caps of Cochlear, CSL and Resmed) first surpassed the ASX200 numerically in November 2009 and apart from two months (August and September 2010; see charts below) has held a clear lead over the benchmark index.

In the 12 months to October 1, 2011, the BDI-40 climbed 38.0 percent compared to the ASX200 falling 12.5 percent. For the two year period, the BDI-40 was up 46.9 percent with the ASX200 down 15.5 percent and over five years, the BDI-40 was up 72.9 percent, while the ASX200 fell 22.2 percent.

In September, the BDI-40 fell 4.8 percent compared to the ASX200 losing 6.7 percent.

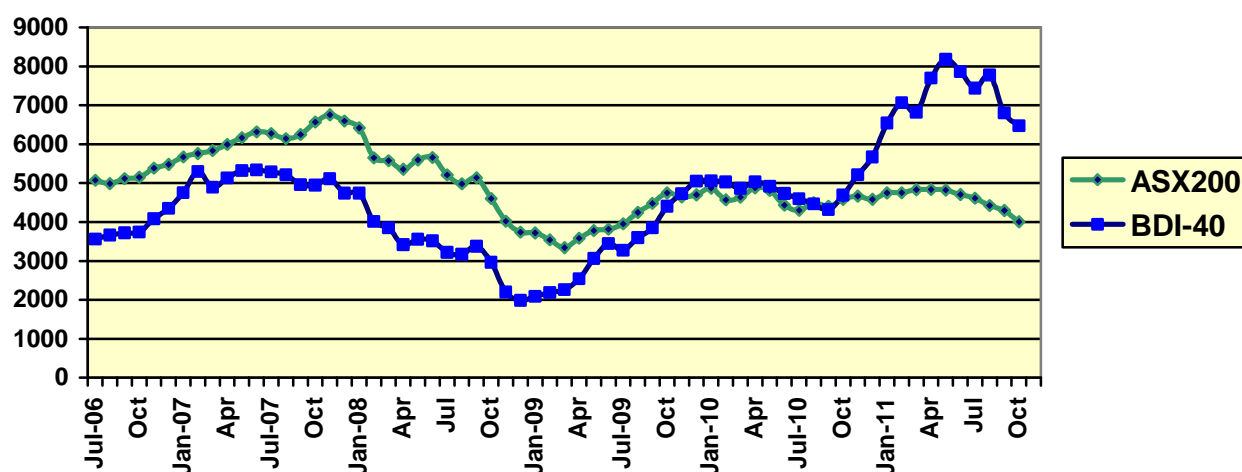
The three Big Caps fell 3.3 percent for the month, dragged down by Cochlear's Nucleus Five recall (BD: Sep 12, 2011) losing 38.7 percent of its market capitalization to \$2,639 million and despite a 5.0 percent rise by CSL to \$15,582 million and a 3.5 percent improvement by Resmed to \$4,575 million.

The biggest Top 40 fall was Acrux's \$106 million loss of market capitalization, down 16.5 percent to \$533 million, attributed by the company to "short selling" (BD: Sep 29, 2011). Surprisingly, nine of the Top 40 companies were up, unsurprisingly 28 fell and three looked good by not moving at all.

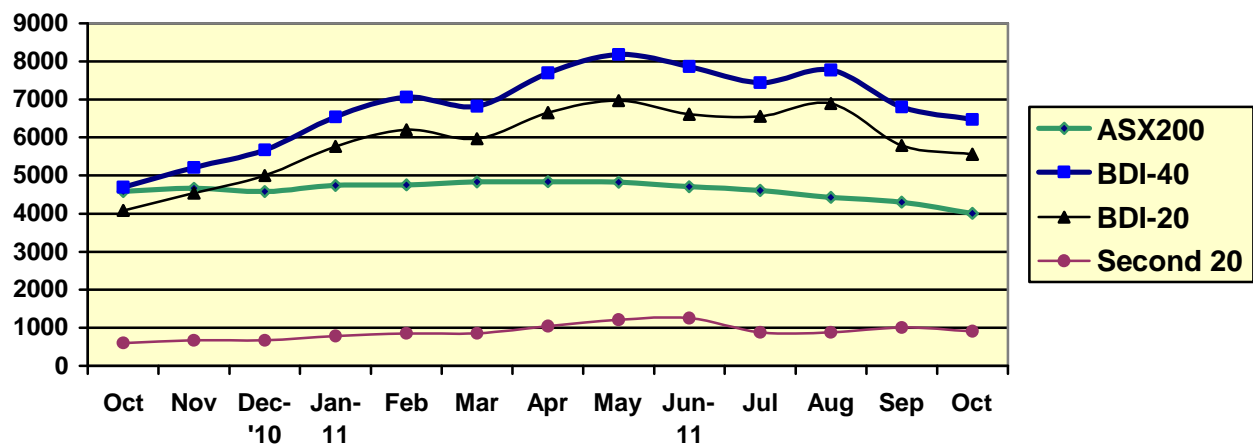
By percentage, Allied Health fell the furthest, down 37.9 percent to \$29 million on a 2.8 cent a share placement, followed by LBT down 33.3 percent to \$4 million on no news about Biomérieux royalties, Patrys (27.8%), Impedimed (23.3%), Pharmaxis (21.7%), Circadian (21.4%), Compumedics (20%), Uscom (20%) and Biota (18.9%).

The best was Sunshine Heart, despite a poor PR campaign to sell its positive pilot study results (BD: Sep 22, 2011) up 26.7 percent to \$57 million, followed by Antisense (12.5%), Viralytics (7.5%), Heartware (6.8%), Alchemia (6.15%), Clinuvel (4.5%), Universal Biosensors (2.8%) and Psivida (1.1%).

BDI-40 v ASX200 JUN 30, 2006 TO SEP 30, 2011



BIOTECH DAILY TOP 40 (\$m) v S&P ASX 200 2010-'11



HEARTWARE

Heartware says the 241-patient, bridge-to-heart-transplantation study and continued access protocol achieved a 180-day survival rate of 93 percent

Heartware announced the updates data at the European Association for Cardio-Thoracic Surgery meeting in Lisbon on October 2, 2011.

The company said the results were aggregated data from the 140 patients in the bridge-to-transplantation clinical trial and an additional 101 patients with at least six months of follow-up post implant under the continued access protocol granted by the US Food and Drug Administration following completion of the pivotal study.

Heartware said the data was presented by principal investigator and University of Louisville's chief of thoracic and cardiovascular surgery Prof Mark Slaughter.

"Consistent with previously presented data from this study, we observed high survival rates for patients through the six-month endpoint and particularly low observed rates for bleeding and infection," Prof Slaughter said.

"Adjustments in anticoagulation are contributing to reduced thrombus events and overall adverse event rates remain low despite increased exposure to the device due to higher survival and a lower transplant rate," Prof Slaughter said.

Heartware said that "only 21.6 percent of study patients had received a transplant at the six-month endpoint, reflecting longer waiting times for heart transplantation".

The company said there was a reduction in the rate of pump exchange for suspected thrombus to less than 0.03 events per patient year, since an adjustment in anticoagulation in March and re-operations for bleeding, sepsis and driveline infections were notably infrequent.

Heartware chief executive officer Doug Godshall said the data "reaffirms the potential utility of the [Heartware left ventricular assist device] in improving treatment outcomes for end-stage heart failure patients".

The company said the pivotal study achieved its primary endpoint of establishing non-inferiority between the investigational device and comparator arm of the study, which was derived from contemporaneous patients from the Interagency Registry for Mechanically Assisted Circulatory Support ($p < 0.0001$).

Heartware said it completed its submission to the FDA for pre-market approval for the bridge-to-transplant indication on December 27, 2010.

Heartware was untraded at \$1.89.

PHOSPHAGENICS

Phosphagenics says a US physician survey, it will commercialize its oxycodone patch as a twice weekly treatment to manage chronic pain.

Phosphagenics said it commissioned Extera Partners to conduct the US survey to determine the market trends and potential market size for three possible products, a daily patch, twice weekly or once weekly patch.

The company said that 60 physicians including oncologists, pain specialists and primary carers were surveyed and concluded that the potential market for the twice weekly patch at peak sales in the US could exceed \$1.1 billion.

Phosphagenics said the survey demonstrated that technically and economically, the twice weekly patch was more suitable than the daily or weekly alternatives.

The company said its oxycodone patch used its tocopheryl phosphate mixture transdermal delivery technology to deliver therapeutic amounts of oxycodone into the blood.

Phosphagenics chief executive officer Dr Esra Ogru said a twice weekly patch was "both user friendly and a solid commercial opportunity".

"The duration of the patch is familiar to physicians who have used the twice-weekly fentanyl patch for decades," Dr Ogru said.

Phosphagenics said its pivotal trial program would begin in Australia by the end of 2011, be expanded into other countries in 2012 and was expected to be completed in 2013.

Phosphagenics was up half a cent or 3.3 percent to 15.5 cents.

HEALTHLINX

Healthlinx's annual general meeting will vote to issue 5,600,000 options for chief executive officer Nick Gatsios and approve the issue of shares to Dutchess Opportunity Fund II.

Healthlinx said the options for Mr Gatsios would be issued in three tranches over two years expiring on June 30, 2015, 2016 and 2017.

The company will ask shareholders to approve the future issue of shares to Dutchess for a one-year, \$3 million facility to provide working capital for the company (BD: Jun 30, 2011).

The meeting will vote on the re-election of directors Dr Stewart washer and John Evans.

The meeting will be held at Healthlinx, 576 Swan Street, Richmond, Victoria on November 2, 2011 at 4pm (AEDT).

Healthlinx fell 0.2 cents or 10 percent to 1.8 cents with one million shares traded.

CATHRX

Jek Nan Yap has become a substantial shareholder in Cathrx with the acquisition of 13,000,000 shares or 9.07 percent of the company.

The initial substantial shareholder notice said that the Ipoh, Perak, Malaysia-based Mr Yap acquired the shares for \$1,170,000 or nine cents a share.

Cathrx was untraded at 14.5 cents.

PROGEN PHARMACEUTICALS

Progen says that Thomas Burt will resign as non-executive director, effective from November 30, 2011.

Mr Burt was appointed during the lengthy fight over Progen's cash assets following the closure of the phase III PI-88 trial, as a Medigen-related representative (BD: Jul 17, 2009).

Progen was untraded at 13.5 cents

GENETIC TECHNOLOGIES

Genetic Technologies says it has appointed Dr Mervyn Cass as a non-executive director. Genetic Technologies said Dr Cass was a medical practitioner with 28 years as the senior partner in an occupational medical practice in Port Melbourne.

The company said Dr Cass was the medical director of the Plastic Surgery Centre in Caulfield Victoria, the founding chairman of the Australasian Occupational Medical Group and had been an advisor to the Victorian Government on workers' compensation and radiological standards in general practice.

The company said Dr Cass was a director of private medial biotechnology company Wolfe Research and an executive member of the Jewish Community Council of Victoria.

In his initial director's interest statement Dr Cass said he had an interest in 473,667

Genetic Technologies shares through the Cass Family Superannuation Fund.

Genetic Technologies was unchanged at 16 cents.

CIRCADIAN

Circadian says director Dr Jonathan Skipper will retire at November 24, 2011 annual general meeting and director Carlo Montagner will retire as of October 15, 2011.

Circadian said Dr Skipper was the executive director of technology development at the Ludwig Institute for Cancer Research and was appointed following the acquisition from the Ludwig Institute and Licentia of their combined 33 percent interest in Vegenics which was, now a Circadian wholly-owned subsidiary.

Mr Montagner said that as chief executive officer of the private Specialised Therapeutics Australia he was facing "significantly increasing business demands".

Circadian was unchanged at 47 cents.

MONSOON COMMUNICATIONS

Monsoon Communications says ABC-TV producer Kate Tozer has joined the public relations company, along with former chief executive officer Dr Martin Soust.

Monsoon said Ms Tozer was the associate producer of ABC-TV's Inside Business, hosted by Alan Kohler and presented the weekly Wall Street Stockmarket Report.

Inside Business executive producer Stephen Letts told Biotech Daily he was surprised by the announcement and said that Ms Tozer was on maternity leave.

Biotech Daily attempted to contact Ms Tozer, both through the ABC and Monsoon, but was unable to speak with her prior to publication.

Last year, former Select Vaccines chief executive officer Martin Soust was disqualified from managing corporations for 10 years, fined \$80,000 and ordered to pay legal costs (BD: Apr 23, 2010).

Federal Court judge Alan Goldberg made the orders in Melbourne in a case brought to trial by the Australian Securities and Investments Commission and said that on February 15, 2010 he published the reasons for judgment concluding that under Section 1317E of the Corporations Act 2001, "that the defendant, Dr Martin Soust, contravened Section 1041A of the Act by taking part in, and carrying out, a transaction that had the effect of creating an artificial price for trading in shares in Select Vaccines by placing an order with Bell Potter Securities to purchase \$2,550 worth of shares in Select Vaccines at market price" on the ASX" (BD: Feb 16, 2010).

Justice Goldberg said Mr Soust deliberately attempted to conceal his identity as the buyer of the shares, which he claimed were bought by his late mother Bohumira Soust.

Monsoon Communications is a private company.

BIOTECH DAILY'S TOP 40 WITH MARKET CAPITALIZATION

Company \$Am	Oct-10	Sep-11	Oct-11
Cochlear	3,974	4,302	2,639
CSL	18,176	14,846	15,582
Resmed	5,125	4,420	4,575
BDI-20			
Acrux	390	639	533
Alchemia	93	65	69
Bionomics	88	167	165
Biota	172	180	146
Clinuvel	62	44	46
Genetic Technologies	11	88	74
Heartware	1,014	836	893
Impedimed	109	91	70
Living Cell	50	20	19
Mesoblast	398	2,229	2,269
Nanosonics	179	136	120
Patrys	14	18	13
Pharmaxis	490	212	166
Phylogica	12	26	23
Prima	73	196	166
Sirtex	273	282	240
Starpharma	134	293	265
Sunshine Heart	16	45	57
Tissue Therapies	32	82	78
Universal Biosensors	228	143	147
Second 20			
Advanced Surgical	13	7	5
Allied	3	29	18
Anteo	28	51	45
Antisense	8	8	9
Benitec	17	21	19
Bioniche	138	89	80
Cathrx	39	21	21
Cellmid	7	8	8
Circadian	26	28	22
Compumedics	23	15	12
Genera	28	10	9
LBT Innovations	9	6	4
Optiscan	6	13	12
Phosphagenics	69	128	124
Prana	30	43	43
Psivida	91	90	91
QRX Pharma	102	192	170
Reva	275	210	183
Uscom	13	10	8
Viralytics	18	27	29

* Biotech Daily editor, David Langsam, owns shares in Alchemia, Allied Health, Bionomics, Biota, Neuren, Optiscan, Pharmaxis, Sunshine Heart and non-biotechnology stocks. Through Australian Ethical Superannuation he has an indirect interest in Atcor, Circadian, Pharmaxis, QRX and Tissue Therapies. These holdings are liable to change.

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