



# Biotech Daily

Wednesday August 22, 2012

*Daily news on ASX-listed biotechnology companies*

- \* **ASX, BIOTECH SLIP: PATRYS UP 9%, IMPEDIMED DOWN 11%**
- \* **BIOTA CLAIMS JAPAN SUCCESS ON 'FLU PREVENTATIVE INAVIR**
- \* **MESOBLAST REVENUE UP 98% TO \$38m, PROFIT TO LOSS, \$207m CASH**
- \* **START-UP AUSTRALIA INVESTS \$47.7m, RETURNS \$85.3m**
- \* **CSL PROFIT UP 4.5% TO \$983m ON REVENUE UP 7% TO \$4,624m**
- \* **BIOTA REVENUE UP 53% TO \$22m, LOSS DOWN 33% TO \$19m**
- \* **LBT REVENUE UP 38% TO \$1m, LOSS DOWN 0.5% TO \$1.2m**
- \* **ALCHEMIA REVENUE DOWN 45% TO \$726k – NO FONDAPARINUX CASH**
- \* **FISHER FUNDS TAKES 6% OF UNIVERSAL BIOSENSORS**
- \* **DIRECTOR MICHAEL STORK INCREASES, DILUTED IN PATRYS**
- \* **DR DAX MARCUS CALDER TAKES 5.3% OF PATRYS**
- \* **CATHRX DIRECTOR JEFFREY GOODMAN RESIGNS**

## MARKET REPORT

The Australian stock market slipped 0.17 percent on Wednesday August 22, 2012 with the S&P ASX 200 down 7.4 points to 4,376.0 points. Twelve of the Biotech Daily Top 40 stocks were up, 13 fell, six traded unchanged and nine were untraded.

Patrys was the best, up 0.2 cents or 9.1 percent to 2.4 cents. Avita and Tissue Therapies climbed more than seven percent; Anteo was up 5.3 percent; Living Cell, Neuren, Prima and Phylogica were up more than four percent; QRX and Sunshine Heart rose more than two percent; CSL was up 1.6 percent; with Clinuvel, Mesoblast and Resmed up by less than one percent.

Impedimed led the falls, down two cents or 10.5 percent to 17 cents with 44,028 shares traded. Prana and Viralytics lost more than seven percent; Acrux was down 5.8 percent; Bionomics, Genetic Technologies and Nanosonics fell four percent or more; Pharmaxis was down 3.4 percent; Biota, Sirtex, Starpharma and Universal Biosensors shed more than two percent; with Alchemia and Cochlear down by less than one percent.

## BIOTA HOLDINGS

Biota says the 1500-patient, phase III Japanese Inavir trial has achieved its primary endpoint of preventing more than 70 percent of influenza infections ( $p < 0.0001$ ).

Biota said the trial of Inavir, or laninamivir octanoate (CS-8958), conducted by co-owner Daiichi Sankyo, significantly reduced the transmission of influenza and Daiichi Sankyo would apply for approval to market Inavir for the prevention of influenza before the end of 2012.

Biota chief executive officer Peter Cook said the company was "thrilled by the positive outcomes reported by Daiichi Sankyo of Inavir as a preventative agent".

"Approval in this new indication will significantly expand the market applicability for Inavir and further solidify its role in pandemic control," Mr Cook said.

"We continue to believe that Inavir's demonstrated efficacy, combined with its ease of use, have the opportunity to significantly improve clinical outcomes for the treatment and now prevention, of influenza," Mr Cook said.

Biota said the multi-centred, placebo-controlled, double-blinded study was designed to evaluate Inavir's ability to prevent the transmission of influenza A and B within families with a confirmed sufferer.

The company said that the prophylactic effect of the two dose regimes against influenza infection was measured against placebo and the protective efficacy calculated, with protective efficacy equal to or greater than 70 percent required as the primary endpoint.

Biota said that the primary endpoint measure was the proportion of household members that contracted influenza, as defined by an elevated body temperature, a positive measure of influenza virus in a polymerase chain reaction (PCR) diagnostic assay and the display of at least two symptoms of headache, muscle or joint pain, fatigue, chill or perspiration, nasal discharge, sore throat or cough.

Biota said that Inavir was generally well-tolerated and the safety profile of Inavir remained consistent with that seen previously in the clinical development program.

The company said that Daiichi Sankyo held the marketing rights to the drug in Japan.

Biota fell two cents or 2.8 percent to 70.5 cents.

## MESOBLAST

Mesoblast says revenue for the 12 months to June 30, 2012 was up 98.1 percent to \$38,154,591, but the previous year's profit has turned to a loss after tax of \$71,145,314.

Mesoblast said that included in the loss was the one-off accounting measure of the payment of \$101.6 million for the acquisition of Angioblast Systems.

In the year to June 30, 2011, Mesoblast posted a maiden profit after tax of \$90,606,590, primarily from licencing payments from Cephalon.

The company said that revenue was composed of \$27,682,896 and interest of \$10,471,591.

Mesoblast said expenditure on research and development was up 209.15 percent to \$36,936,864.

The company said that diluted loss per share was 25.15 cents compared to the previous year's diluted earning per share of 39.78 cents.

Mesoblast said that cash and cash equivalents at June 30, 2012 was \$206.7 million compared to the previous year's \$263.2 million.

Mesoblast was up one cent or 0.2 percent to \$6.45 with 283,644 shares traded.

## START-UP AUSTRALIA VENTURES

Start-up Australia says that investments, primarily in biotechnology companies, of \$47.7 million provided distributions to investors of \$85.3 million.

Start-up co-founder and director Dr George Jessup told Biotech Daily that a Federal Government Investment Innovation Fund contribution of about \$20 million allowed Start-up to invest the \$47.7 million, which led to co-investment of \$50 million from institutions and high net worth individuals, which led to a further \$129 million from private markets. Dr Jessup said the major investments were in Alchemia, Bionomics and Evogenix, which was acquired by Peptech, which became Arana, prior to its acquisition by Cephalon. Start-up said that the investors in the funds were Industry Funds Management, Macquarie Alternative Investment Trust, Research Corporation Technologies (Arizona) and the Federal Government's venture capital program.

Start-up said the investors received a cash return of 2.2 times cash invested with an internal rate of return of 13.6 percent per annum after payment of management fees, carried interest and other costs, which compared favorably with the top quartile return to investors in US venture funds (2001 vintage), which was 5.4 percent.

## CSL

CSL says its net profit after tax was up 4.5 percent to \$983 million for the 12 months to June 30, 2011 on revenue up 7.0 percent to \$4,624 million, the first increase in revenue and net profit after tax, in real terms, since 2009 (BD: Aug 18, 2010; Aug 17, 2011).

CSL reported its results using both real funds received and calculations for so-called 'constant currency', allowing for changes in foreign exchange rates.

Where possible, Biotech Daily reports on the real funds received by companies, rather than theoretical constructs.

CSL said that its total ordinary dividend was up three cents to 83 cents a share with the final dividend up two cents to 47 cents a share.

The company said that diluted earnings per share was up 8.8 percent 188.85 cents, while net tangible asset backing per share fell 2.3 percent from \$5.20 to \$5.08.

CSL managing director Dr Brian McNamee said it was the first time the company had posted a profit of more than \$US1 billion, which he described as "a milestone".

Dr McNamee said CSL increased spending on research and development by 13 percent to \$355 million, but in real terms the expenditure was up 9.2 percent.

Dr McNamee forecast an increase in revenue for the coming year of 10 percent to \$5 billion with expected net profit after tax up 12 percent.

Dr McNamee said that "with a well-educated workforce and a high currency then innovation is the key to prosperity".

Asked to comment on Federal Government support for innovation, research and development Dr McNamee said that "Government is aware of science and innovation".

"They are aware of it, but sometimes the execution gets a little lost," Dr McNamee said.

Dr McNamee said that CSL increase revenue in the US by 16 percent, in Europe by 10 percent, in Asia by 11 percent, in Australia by 6.5 percent and in the rest of the world by 13 percent, in real terms.

Dr McNamee said that CSL Behring was the main driver for revenue, earning \$3.6 billion in the 12 months to June 30, 2012.

He said that when the current share buy back was completed the company would consider a further \$900 million share buy-back.

CSL had cash and cash equivalents of \$1,155 million, with borrowings of \$1,272 million.

CSL was up 67 cents or 1.6 percent to \$42.00 with 1.95 million shares traded.

### BIOTA HOLDINGS

Biota says its net loss after tax for the 12 months to June 30, 2012 was down 33 percent to \$18,814,000 on revenue up 53 percent to \$22,324,000.

Biota chief executive officer Peter Cook told Biotech Daily that \$10.6 million in revenue came from its contract with the US Office of Biomedical Advanced Research and Development Authority (BARDA) for the development of laninamivir (BD: Apr 1, 2011). Biota said that royalties from sales of Relenza by GlaxoSmithKline and Inavir by Daiichi Sankyo totaled \$8.6 million.

Biota said that diluted loss per share fell 33.5 percent to 10.3 cents, with cash and cash equivalents of \$52,948,000 at June 30, 2012 down 24.4 percent on the previous year. Biota said that net tangible assets per share was down 24.4 percent to 31 cents.

### LBT INNOVATIONS

LBT says its net loss after tax for the 12 months to June 30, 2012 was down 0.5 percent to \$1,156,000 on revenue up 37.7 percent to \$1,019,000.

LBT said the increased revenue was attributable to an increase in royalty revenue, rising 34.6 percent to \$580,000 from Biomérieux for its agar plate streaking technology, along with an increase in revenue from deferred commercial ready grant income to \$141,000 and an export market development grant of \$84,000, with decreased interest revenue of \$177,000 "consistent with the decrease in cash reserves".

The company said it also received a Federal Government research and development tax credit of \$256,000.

LBT said diluted loss per share fell 0.85 percent from 1.17 cents in the previous year to 1.16 cents for the year to June 30, 2012.

The company said it had cash and cash equivalents of \$2,932,000 at June 30, 2012 down 11.7 percent on the previous year.

LBT said that net tangible assets per share was down 31.7 percent to 0.99 cents.

LBT was untraded at 3.8 cents.

### ALCHEMIA

Alchemia went into a trading halt today to correct its preliminary final report.

In explaining the correction, Alchemia said that earlier versions of its 2012 annual results and preliminary final report said that fondaparinux revenue was expected "in the second half of the 2013 financial year" but the company meant to say the "first half of the financial year ending June 30, 2013", meaning by December 31, 2012.

The company said that total revenue for the 12 months to June 30, 2012 was down 45.1 percent to \$726,000, primarily due to reduced grant income for the Queensland Government, with the net loss after tax up 12.3 percent to \$15,083,000,

The report showed no revenue from Dr Reddy's in relation to sales of fondaparinux, despite launching in the US a year ago and recent claims that it had taken 22.5 percent of US market share (BD: Aug 4, 2011; May 14, 2012).

Alchemia chief executive officer Dr Pete Smith told Biotech Daily that as he had previously disclosed, he expected notification from Dr Reddy's by August 31, 2012 for revenue for the three months to June 30, 2012, with the funds expected shortly after.

Dr Smith said that the initial sales revenue went to Dr Reddy's to cover costs of commercialization.

Alchemia said it had \$12,346,000 in cash at June 30, 2012.

Alchemia fell one cent or 1.85 percent to 53 cents.

### UNIVERSAL BIOSENSORS

Fisher Funds Management and associates have become substantial shareholders in Universal Biosensors with the acquisition of 9,943,933 shares or 6.25 percent.

The initial substantial shareholder notice said the Auckland, New Zealand based Fisher Funds most recent acquisition on August 21, 2012 was 2,000,000 shares for \$1,204,800 or an average price of 60.24 cents a share.

Universal Biosensors fell 1.5 cents or 2.1 percent to 68.5 cents.

### PATRYS

Patrys director Michael Stork's Stork Holdings has increased its shareholding but has been diluted from 57,625,000 shares (23.71%) to 85,731,764 shares (18.27%).

Mr Stork recently participated in a \$2 million Patrys placement at two cents a share (BD: Jun 22, 2012).

Patrys was up 0.2 cents or 9.1 percent to 2.4 cents.

### PATRYS

Dr Dax Marcus Calder has become a substantial shareholder in Patrys with the acquisition of 24,881,000 shares or 5.3 percent.

The initial substantial shareholder notice said that the West Perth, Western Australia-based Dr Calder acquired 9,500,000 shares between April 24 and August 21, 2012 for \$194,330 or 2.05 cents a share.

### CATHRX

Cathrx says that former interim chief executive officer and a non-executive director Jeffrey Goodman has resigned for health reasons.

Cathrx said Mr Goodman served as a director since 2008 and was chief executive officer from February 2010 to February 2012.

Chairman Denis Hanley thanked Mr Goodman "for his stewardship and contribution to the company" and wished him a speedy and long lasting recovery.

Biotech Daily joins Cathrx in offering best wishes to Mr Goodman.

Cathrx was untraded at 1.2 cents.