



Biotech Daily

Thursday September 13, 2012

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH DOWN: GENETIC TECHNO UP 9%, CIRCADIAN DOWN 8%**
- * **WEHI, MURDOCH CREATE IAN POTTER PERSONAL MEDICINE CENTRE**
- * **CELLMID SAYS ÉVOLIS HAIR GROWTH PRODUCTS EXCEED FORECAST**
- * **PHYLOGICA \$2m R&D TAX CREDIT, EXPLAINS PROCESS**
- * **AMP BELOW 5% IN ACRUX**
- * **M-D WAYNE STRINGER TAKES 15% OF PROBIOTEC**
- * **EASTLAND PLEADS SCHULTZ, AGAIN, TO ASX 14% QUERY**
- * **IMUGENE ANSWERS ASX 'TOO MUCH MONEY' QUERY**
- * **BIONICHE REVENUE DOWN 8% TO \$31m, LOSS UP 93% TO \$24m**
- * **JOHN ERB REPLACES SUNSHINE HEART CHAIRMAN NICK CALLINAN**
- * **CHAIRMAN MEL BRIDGES QUILTS LEAF ENERGY**
- * **REVA APPOINTS DR DAVID MULLER CO-PRINCIPAL INVESTIGATOR**
- * **MARK OSTROWSKI REPLACES GENETIC TECHNOLOGIES' LEWIS STUART**

MARKET REPORT

The Australian stock market fell 0.5 percent on Thursday September 13, 2012 with the S&P ASX 200 down 21.9 points to 4,339.4 points. Eleven of the Biotech Daily Top 40 stocks were up, 16 fell, nine traded unchanged and four were untraded. All Big Caps fell.

Genetic Technologies was the best, up one cent or 9.1 percent to 12 cents with 529,933 shares traded. Allied Health climbed 8.7 percent; Benitec and Cellmid were up more than six percent; Alchemia was up 4.7 percent; Clinuvel, Sirtex and Uscom climbed more than three percent; with Anteo and Compumedics up more than one percent.

Circadian led the falls, down 3.5 cents or 8.2 percent to 39 cents with 51,238 shares traded. Phylogica and Prima lost more than six percent; Avita, Pharmaxis and Reva fell four percent or more; Bionomics and Phosphagenics were down more than three percent; Prana, Sunshine Heart and Tissue Therapies shed more than two percent; with Acrux, CSL, Mesoblast, Resmed and Viralytics down more than one percent.

THE WALTER AND ELIZA HALL INSTITUTE FOR MEDICAL RESEARCH

The Walter and Eliza Hall Institute will collaborate with the Murdoch Children's Research Institute to create the Ian Potter Centre for Genomics and Personalised Medicine.

A Walter and Eliza Hall Institute media release said that with the assistance of \$3 million from the Ian Potter Foundation, the WEHI-based collaboration would initially focus on immune disorders and cancer, through new genomic sequencing technologies.

WEHI said projects would use genomics to examine food allergy in children, juvenile arthritis, leukaemia, neural tumors and colon cancer.

The Institute's head of systems biology and personalized medicine Prof Liam O'Connor said the objective of the Centre was to make discoveries that would allow personalized therapies to be delivered to patients, improving their clinical outcomes.

"One of the major sources of inefficiency in our health care system is the one-size-fits-all approach to treatment," Prof O'Connor said.

"Whether we consider the use of therapies for rheumatoid arthritis or conventional chemotherapy for cancer, many people embarking on a generic treatment plan may gain little or no benefit," Prof O'Connor said.

"This has major implications for the patient and for the healthcare system," Prof O'Connor said.

The Murdoch Children's Research Institute's Prof Andrew Sinclair said that if patients were to derive maximum benefit from new therapies then scientists must become more adept at identifying patients who will respond positively to treatments.

"Through this centre we will use highly specialized equipment to process patient samples and analyze their genetic composition so doctors can use this knowledge to match their profile to the best treatment plan," Prof Sinclair said.

Ian Potter Foundation chief executive officer Janet Hirst said the Centre for Genomics and Personalised Medicine would offer patients access to the large-scale technologies that have made personalized medicine possible.

"These new methods provide a window into the micro world of our bodies and we expect they will have a profound impact on the pace of research into cancer and other major health conditions," Ms Hirst said.

CELLMID

Cellmid says it has exceeded forecast annual distribution targets for its Évolis hair growth products within 12 weeks of launch.

Cellmid said its controlled entity Advangen International Pty Ltd, had agreements with about 700 Australian pharmacies to stock the "scientifically validated" hair growth product range, well above its projected target of 400 shops by June 2013.

The company said that shops included Priceline, Terry White and regional groups like National Pharmacies and their respective online stores.

Cellmid said it had completed a four-hour campaign on a television shopping network "with solid sales results".

Cellmid chief executive officer Maria Halasz said it was difficult to project sales for a brand new product and pharmacy revenues would depend "not only on strong initial orders but line-fill rates, which we will not be able to assess for at least six months".

The company said that it had manufacturing and distribution rights to the products outside of China and Japan and had a comprehensive licencing and distribution plan and was actively pursuing opportunities in Europe, the US, India and South America.

Cellmid was up 0.1 cents or 6.7 percent to 1.6 cents with 8.2 million shares traded.

PHYLOGICA

Phylogica says it expects to receive a cash payment of about \$1.9 million by the end of 2012 to support the development of its Phylomer technology.

Phylogica said that Innovation Australia, an independent statutory body established to assist with the administration of the Australian Government's innovation and venture capital program, approved the registration of Phylogica's research and development application for the 2012 financial year Federal Government research and development tax credit.

The company said that research and development tax legislation took effect from July 1, 2011 for financial years ending on or after June 30, 2012 to boost small innovative, research-orientated companies, which could claim a tax credit and receive a refund from the government for up to 45 percent of its eligible spending.

Phylogica said it claimed \$4.2 million of eligible expenditure, which entitled it to apply for a cash rebate of \$1.9 million from the Australian Taxation Office.

The company said its activities comprised investment in scaling and improving the Phylomer discovery capabilities and achieving the goals of its pharmaceutical company alliances while progressing in-house programs.

Phylogica said the improvements to its Phylomer platform included technically valuable upgrades to the Phylomer libraries and screening capabilities, as well as expanding the platform to access new markets through the collaboration with Cambridge University to use the libraries as a tool to discover and validate novel therapeutic targets.

The company said that in-house research and development during the year was focused on the discovery of high-value drug candidates or 'transporter' peptides and the three main areas were identification of novel cell-penetrating Phylomers to carry therapeutic cargoes across the cell membrane against intractable intracellular disease targets; advancement of anti-cancer Phylomers targeting the high-value cancer pathway known as Sonic Hedgehog [named for both its shape and the computer game character]; and optimization of anti-inflammatory Phylomers targeting the CD40 ligand, which activated pro-inflammatory pathways in rheumatoid arthritis, lupus and autoimmune diseases. Phylogica chief executive officer Dr Paul Watt said the research and development tax incentive legislation offered "a tangible near-term benefit to Phylogica".

"The confirmation from Ausindustry that our R&D activities have been correctly lodged and registered is a key step towards receiving our estimated rebate, which will provide a valuable influx of cash as we strive to achieve our development and commercial goals for this year," Dr Watt said.

Phylogica said it worked with tax specialists at Price Waterhouse Coopers to assess its eligible expenditure and to lodge its application to Ausindustry.

Phylogica fell 0.2 cents or 6.9 percent to 2.7 cents with 1.8 million shares traded.

ACRUX

AMP and related bodies have again sold Acrux shares to be below the 5.0 percent substantial level.

Last week, AMP and related bodies reduced their substantial shareholding in Acrux from 10,580,495 shares (6.35%) to 8,742,393 shares (5.25%) (BD: Sep 10, 2012).

In August, AMP and related bodies reduced their holding from 12,352,641 shares (7.42%) to 10,580,495 shares (6.35%) (BD: Aug 17 2012).

Acrux fell six cents or 1.8 percent to \$3.24 with 961,810 shares traded.

PROBIOTEC

Probiotec managing-director and chief executive officer Wayne Stringer has increased his substantial shareholding from 7,940,721 shares (15.00%) to 8,675,786 shares (16.4%). The substantial shareholder said the shares were acquired by Mr Stringer's Inston Pty Ltd from September 2, 2011 to September 9, 2012 for prices ranging from 26 cents to 40 cents a share.

Probiotec was untraded at 33 cents.

EASTLAND MEDICAL SYSTEMS

Eastland has told the ASX that it is not aware of any information it has not announced which, if known, could explain recent trading in its securities.

The ASX said the company's share price rose from 3.6 cents on September 12 to 4.1 cents today, September 13, 2012, a 13.9 percent increase, but did not note an increase in trading volume.

Eastland said that the share price movement could be related to a July 30, 2012 announcement that the majority of the patients had been enrolled in its phase III trial of Artimist for paediatric malaria.

Last month, Eastland, similarly pleaded the Schultz defence ("I know nussink, nussink, at all") to an ASX query that its share price rose 41.2 percent from 1.7 cents on August 3 to 2.4 cents on August 9, 2012.

Eastland said at that time the share price movement could be related to the July 30, 2012 announcement (BD: Aug 9, 2012).

Eastland was up half a cent or 13.9 percent to 4.1 cents with 6.9 million shares traded.

IMUGENE

Imugene has told the ASX that it has reduced the ratio of cash and cash equivalents to total assets and intends to invest the funds in its Lingual Consegna technology.

The ASX noted that in its accounts for the year to June 30, 2012, Imugene had cash and cash equivalents of \$1,016,748 or about 77 percent of the total assets of \$1,318,387 and asked what steps the company was taking to comply with Listing Rule 12.3 (see below).

Imugene company secretary Justyn Stedwell told the ASX that Imugene acquired Lingual Consegna from Consegna for 100,000,000 Imugene shares and the asset would be booked at a value of about \$1,400,000.

Mr Stedwell, who is also the company secretary for Consegna and Solagran, said that Imugene intended to invest about \$1,000,000 over the next 12 months in research and development on Lingual Consegna's drug delivery technology in addition to the company's general operating expenditure.

Imugene said the cash and equivalents to assets ratio had been reduced to about 56 percent and expected to be in compliance with ASX Listing Rule 12.3 within three months.

The ASX said that Listing Rule 12.3 gave it the discretion to suspend an entity where half or more of the entity's total assets was in cash or a form readily convertible to cash, until the entity invests those assets or uses them for its business.

The ASX said that investment entities could require a longer time frame in which to invest their funds and this was reflected in the note to Rule 12.3, which said the ASX would not generally apply this rule for the first six months after admission.

Imugene acquired the Consegna technology following the rejection of its pig and poultry vaccine by partner Novartis (BD: Sep 2, 2011; May 2, Jun 18, Aug 1, 2012).

Imugene was up 0.4 cents or 28.6 percent to 1.8 cents with 2.5 million shares traded.

BIONICHE

Bioniche says its net loss after tax for the 12 months to June 30, 2012 was up 93.4 percent to \$C24,188,000 on revenue down 8.0 percent to \$C31,797,000 (\$A31,159,740). Bioniche said that in addition to product sales revenues, it recorded research collaboration income of \$C2.0 million in 2011-'12, as compared to \$C3.1 million in the previous year.

The company said the revenue "related to certain reimbursements by Endo Health Solutions" with whom it had a licence, development and supply agreement for its human bladder cancer therapy, Urocidin.

Bioniche said that total revenues was \$C31.8 million, compared to \$C34.6 million in the previous year, with the difference "largely due to a non-recurring milestone payment of \$US4 million received from Endo in November, 2010, included in the 2010-'11 revenues. The company said diluted loss per share was 0.24 cents compared with 0.14 cents in the previous corresponding period.

Bioniche said it had cash and equivalents of \$C20,020,000 at June 30, 2012 compared to \$15,353,000 at June 30, 2011.

Bioniche was untraded at 52 cents.

SUNSHINE HEART

Sunshine Heart says it has appointed John Erb as chairman replacing Nick Callinan, who has been a director since mid-2008 and chairman from October 2008.

In a media release Mr Callinan said that with listing on the Nasdaq it was time to appoint a US based chairman and Mr Erb had "extensive experience in the cardiovascular industry, merger and acquisition transactions and serves as a board member and chairman of Nasdaq, ASX and private companies".

Sunshine Heart said Mr Erb was chairman of Vascular Solutions, Osprey Medical and was chairman and chief executive officer of the US-based Cardia Access and had been involved in acquisitions such as Senorx by CR Bard, Cryocath Technologies by Medtronic, CHF Solutions by Gambro and Intratherapeutics by Sulzer Medica.

The company said Mr Erb had worked in senior management roles with Schneider Worldwide prior to its acquisition by Boston Scientific.

Sunshine Heart said Mr Callinan would remain a director until the end of 2012.

Sunshine Heart fell 0.1 cents or 2.4 percent to 4.1 cents.

LEAF ENERGY

Leaf Energy says that chairman Dr Mel Bridges has retired after 10 years and will be replaced by Dr Jay Hetzel.

Leaf chief executive officer Ken Richards said that as the chairman of Farmacule Bioindustries Dr Bridges led the company through the merger with Aquacarotene in August 2010 and listing as Leaf Energy.

Leaf Energy described itself as a bio-energy business developing the production of cellulosic ethanol from waste biomass, using novel technologies that cover the process including pretreatment, hydrolysis and fermentation.

Dr Bridges continues as chairman of Alchemia, Genetic Technologies as well as private investment company Parma Corp and is a director of Benitec, Impedimed, and Tissue Therapies.

Leaf was untraded at 5.1 cents.

REVA MEDICAL

Reva has appointed at Sydney's St Vincent's Hospital's director of cardiac catheterization Dr David Muller as co-principal investigator for a clinical trial to begin in 2013.

Reva said the 'Restore II' trial would be a 125-patient, multi-centre, safety and performance study of its Rezolve2 sirolimus-eluting, bio-resorbable coronary scaffold at up to 30 clinical centers in Australia, Austria, Brazil, Germany, New Zealand, and Poland.

The company said the data from the trial would be used as the basis to support Conformité Européenne (CE) mark application of the Rezolve2 stent.

Reva said that Brazil's Dante Pazzanese Institute of Cardiology's Dr Alexandre Abizaid, who led the initial Restore pilot study, would continue as a co-principal investigator with Dr Muller for the Restore II trial.

Reva fell 2.5 cents or 4.5 percent to 53 cents.

GENETIC TECHNOLOGIES'

Genetic Technologies has appointed Mark Ostrowski as the head of sales and marketing of its molecular diagnostics division responsible for US Brevagen sales.

Genetic Technologies said that Mr Ostrowski had more than 20 years of sales and marketing experience in molecular diagnostics and had worked in senior managerial positions at companies focused on women's health and oncology, including Myriad Genetics and Dianon Systems.

The company said that "the leadership of the US sales and marketing group will be transitioning to Mr Ostrowski".

Genetic Technologies said that Lewis Stuart would assist "in a strategic advisory capacity during this process".

In 2010, Genetic Technologies appointed Mr Stuart as general manager of its North American molecular diagnostics business (BD: Jun 22, 2010).

Genetic Technologies was up one cent or 9.1 percent to 12 cents.