



# Biotech Daily

Wednesday October 10, 2012

*Daily news on ASX-listed biotechnology companies*

- \* **ASX DOWN, BIOTECH UP: QRX UP 11%, PATRYS, VIRALYTICS DOWN 6%**
- \* **QRX, PALADIN LABS SIGN POTENTIAL \$25m CANADA MOXDUO LICENCE**
- \* **CLARIFICATION: NANOSONICS**
- \* **PHARMAXIS POSTS BEST 3-MONTH SALES OF \$584k**
- \* **ALCHEMIA DRAFT ATO DEMERGER CLASS RULING; MEETING DATE**
- \* **PRANA CHAIR GEOFF KEMPLER, BAYWICK INCREASES, DILUTED TO 5%**

## MARKET REPORT

The Australian stock market fell 0.32 percent on Wednesday October 10, 2012 with the S&P ASX 200 down 14.6 points to 4,490.7 points.

Fifteen of the Biotech Daily Top 40 stocks were up, nine fell, 12 traded unchanged and four were untraded.

QRX was the best, up 7.5 cents or 11.1 percent to 75 cents, with 628,640 shares traded.

Avita, Genera and Nanosonics climbed more than seven percent; Cellmid and Universal Biosensors were up more than six percent; Sunshine Heart was up 5.3 percent; Circadian and Tissue Therapies were up four percent or more; Acrux, Alchemia and Pharmaxis were up more than three percent; Cochlear, CSL and Living Cell were up one percent or more; with Clinuvel and Sirtex up by less than one percent.

Patrys and Viralytics led the falls, both down 6.25 percent to three cents and 22.5 cents, respectively, with 445,000 and 75,000 shares traded, respectively.

Antisense lost 5.6 percent; Prana shed two percent; Bioniche, Bionomics, Biota, Resmed and Starpharma were down one percent or more; with Mesoblast down 0.15 percent.

## [QRX PHARMA](#)

QRX says it has signed Canadian commercialization rights for its morphine and oxycodone combination Moxduo immediate release (IR) to Paladin Labs Inc. QRX said it would receive tiered double-digit royalties and up to \$US25 million (\$A24,468,100) in milestone payments on achievement of specific sales, regulatory and reimbursement targets, in addition to a non-refundable, non-creditable up-front payment of \$US500,000.

The company said that it retained the Canadian rights to the intravenous and controlled release formulations of Moxduo, which were in clinical development.

QRX said Paladin was a Canadian specialty pharmaceutical company headquartered in Montreal and listed on the Toronto Stock Exchange, with working capital of more than \$C240 million (\$A240 million) at June 30, 2012 and expected consolidated sales of at least \$C200 million in 2012.

QRX chief executive officer Dr John Holaday said that Paladin's "sector experience, consistent record of growth in branded pain products and strong balance sheet to support the launch of Moxduo made Paladin our best choice for the Canadian market".

QRX said that Paladin would receive exclusive rights to commercialize Moxduo IR in Canada and assume responsibility for the new drug submission, all product launch costs as well as ongoing marketing and sales efforts.

Paladin interim president and chief executive officer Mark Beaudet said his company had "extensive experience growing branded pain products".

"Moxduo will complement our existing prescription portfolio in Canada which includes already launched products Metadol, Pennsaid, our market-leading Tridural and Abstral, as well as hydrocodone ER which awaits regulatory filing in Canada," Mr Beaudet said.

"Moxduo will become another important piece of our future growth and continued expansion in a Canadian therapeutic category that is important for our business and future strategy," Mr Beaudet said.

Dr Holaday said that QRX would work closely with Paladin to submit an application to Health Canada by July 2013.

"The Canadian regulatory application will also incorporate efficacy and safety data from a recently completed respiratory safety study, Study 022, which was not part of the Moxduo new drug application submitted to the US Food and Drug Administration," Dr Holaday said (BD: Jun 14, 2011; Jun 27, 2012).

"This study, involving 375 patients, demonstrated that patients receiving Moxduo had an appreciably lower risk of experiencing medically significant oxygen desaturations than patients receiving equi-analgesic doses of morphine or oxycodone," Dr Holaday said.

QRX was up 7.5 cents or 11.1 percent to 75 cents.

## [NANOSONICS](#)

Last night's edition reported that Nanosonics' annual general meeting would vote on the conditional issue of 1,220,000 performance rights to managing director Dr Ron Weinberger.

Nanosonics has clarified that the rights were conditional on the company attaining revenue in the year ending June 30, 2015 of more than \$50 million and a net profit after tax of at least 12 percent of that revenue.

Biotech Daily apologizes for any confusion, but no sub-editors have been hurt in making this clarification.

Nanosonics was up 3.5 cents or 7.2 percent to 52 cents.

## PHARMAXIS

Pharmaxis has reported its best quarter of revenue with sales of \$584,000 in the three months to September 30, 2012.

The company said that sales revenue was up 83.1 percent compared to the three months to September 30, 2011 and up 56.6 compared to the three months to June 30, 2012.

In its Appendix 4C quarterly statement for the three months to December 31, 2011, Pharmaxis reported its previous best sales revenue of \$511,000.

Pharmaxis said that its Bronchitol for adult cystic fibrosis was launched in Europe during June and in Australia during August, with sales of Bronchitol for the three months of \$237,000.

The company said that grant and other income of \$1,777,000 included the Australian research and development tax credit on eligible research for the three months as well as an increase for the claim for the year to June 30, 2012 which had been finalized.

Pharmaxis said commercial expenses of \$2.9 million compared to \$1.7 million for the three months to September 30, 2011 and \$3.7 million for the three months to June 30, 2012, which included costs associated with the European launch of Bronchitol.

The company said that expenses for the three months to September 30, 2012 of \$1.5 million compared to \$1.0 million in 2011 and \$1.5 million in the June 2012 quarter, with finance and administration expenses of \$1.6 million comparing to \$1.1 million in 2011 and \$1.6 million in the June 2012 quarter.

Pharmaxis said that research and development expenses for the three months of \$6.5 million compared to \$6.2 million in 2011 and \$6.0 million in the three months to June 30, 2012.

The company said that clinical trials and manufacturing development accounted for 44 percent and 38 percent, respectively, of expenditure in the three months to September 30, 2012.

The company said its net operating cash burn was \$9,863,000 million compared to \$10.7 million in 2011 and \$10.0 million in the June 2012 quarter, with \$71,179,000 in cash at September 30, 2012.

Pharmaxis said the Australian Government research and development tax credit for the year to June 30, 2012 was \$4.5 million and was expected to be received by December 31, 2012.

Pharmaxis was up 4.5 cents or 3.35 percent to \$1.39 with 1.1 million shares traded.

## ALCHEMIA

Alchemia says it has a non-binding draft class ruling from the Australian Taxation Office providing confidence that a binding ruling will be issued in the short term.

Alchemia said it expected a final class ruling on its demerger of its oncology assets by October 17, 2012, "although, due to administrative processes within the ATO, there is a possibility that it will receive it later, in which case any delay will be notified".

The company said that the scheme and general meeting would be held at the Brisbane Convention and Exhibition Centre, corner of Merivale and Glenelg Streets, Arbour Level, Room A2, South Bank, Brisbane, on October 15, 2012 from 10am (AEST).

Alchemia said the second court hearing would be held as soon as possible after receipt of the class ruling from the ATO and was scheduled for 4pm (AEDT) on October 17, 2012 and the scheme was expected to become effective on October 18, 2012.

Alchemia was up two cents or 3.5 percent to 59 cents.

### PRANA BIOTECHNOLOGY

Baywick Pty Ltd has increased its holding in Prana from 17,055,000 shares to 17,811,000 shares but has been diluted from 6.20 percent to 5.23 percent.

In its change of substantial shareholder notice signed by Baywick director and Prana executive chairman Geoffrey Kempler, Baywick said it acquired 756,000 shares for \$129,695 or an average price of 17.2 cents a share in January and May 2012, but was diluted in a share issue.

Last week, Prana raised \$6 million through the placement of 32,500,000 shares at 18.5 cents a share (BD: Oct 2, 2012).

Prana fell half a cent or two percent to 24 cents.