



Biotech Daily

Wednesday October 31, 2012

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH UP: VIRALYTICS UP 11%, CIRCADIAN DOWN 8%**
- * **VICTORIA OPENS AUSBIOTECH CONFERENCE WITH \$1.9m PROGRAMS**
- * **OSPREY DEVICE REDUCES KIDNEY-TOXIC CARDIAC DYE**
- * **OCTA PHILLIP FUND HAS \$55m TO INVEST**
- * **MEDICAL DEVELOPMENTS ASTHMA SPACER SUPPLY DEAL**
- * **PHOSPHAGENICS EXPANDS TPM HORSE SUPPLEMENTS**
- * **BAILLIE GIFFORD TAKES 9.6% OF COCHLEAR**
- * **CRYOSITE EASILY WINS 2nd STRIKE VOTE**
- * **NUSEP 2nd STRIKE BOARD SPILL, DIRECTORS' SHARES AGM**
- * **PAUL HOPPER REPLACES IMUGENE'S DR WARWICK LAMB**

MARKET REPORT

The Australian stock market was up 0.7 percent on Wednesday October 31, 2012 with the S&P ASX 200 up 31.3 points to 4,517.0 points.

Thirteen of the Biotech Daily Top 40 stocks were up, nine fell, 13 traded unchanged and five were untraded. All three Big Caps were up.

Viralytics was the best, up 4.5 cents or 11.1 percent to 45 cents with 235,584 shares traded.

Allied Health climbed 8.7 percent; Cellmid was up 6.25 percent; Optiscan was up five percent; Genetic Technologies and Phylogica were up more than four percent; Impedimed was up 3.45 percent; CSL and Neuren rose more than two percent; Clinuvel, Prana, Resmed, Sirtex and Starpharma were up more than one percent; with Cochlear and Pharmaxis up by less than one percent.

Circadian led the falls, down three cents or 7.7 percent to 36 cents with 24,201 shares traded, followed by Ellex down 7.3 percent to 19 cents with 60,000 shares traded.

Benitec and Bioniche lost more than six percent; Tissue Therapies fell 3.9 percent; Alchemia and Living Cell were down more than one percent; with Acrux down 0.9 percent.

AUSBIOTECH, VICTORIA GOVERNMENT

The Minister for Technology Gordon Rich-Phillips formally launched Ausbiotech's 2012 conference in Melbourne announcing \$1.9 million for two new programs.

Mr Rich-Phillips said \$1.3 million would be invested in the Australian Research Initiative to better connect bio-medical research, with a further \$600,000 for a "biotechnology skills strategy" over the three years from 2012 to 2015 "to enhance commercial and business skills in biotechnology".

Mr Rich-Phillips said that one of the challenges faced by the sector was commercialization and that Ausbiotech had already established and was creating training courses.

A media release from the Cancer Therapeutics Cooperative Research Centre (CRC) said that it was administering a 'Molecules to Medicine' program as part of the Victorian Government Enabling technologies Skills Strategies for Biotechnology.

The program is in addition to two Victorian Government voucher programs worth \$13 million announced last month (BD: Sep 5, 14, 2012).

The Cancer Therapeutics CRC said that Tom Williams was the program manager coordinating on-the-job training and mentoring to early career researchers in technology transfer, translation and commercial development.

In his address to the conference, Mr Rich-Phillips said that Melbourne was the single largest biotechnology cluster in Australia and that \$7 billion was spent on research and development in Victoria in higher education, research institutes and companies.

Mr Rich-Phillips said the State Government had created the Victorian Biotechnology Advisory council chaired by Prof Ian Gust to assist in its "challenge to drive the economy". "Technology is critical to lifting productivity," Mr Rich-Phillips said.

Ausbiotech chief executive officer Dr Anna Lavelle told the conference delegates that despite the global economic conditions and other challenges "on any comparative measure we are doing very well".

Dr Lavelle singled out Pharmaxis for taking a molecule, Bronchitol for cystic fibrosis, from early research to approval by the Pharmaceutical Benefits Scheme for reimbursement, as well as Bionomics' potential \$US345 million phase I deal with the US-based Ironwood as milestones for the industry this year.

Dr Lavelle said the conference would be focused on the road ahead for the commercializing of bio-medical research under the title: 'Realising the value'.

Dr Lavelle said that along with the business matching program and a range of meetings and seminars, the conference would conclude on Friday with the fourth Australian Life Science Investment Summit, in which Australian biotechnology companies would present to more than 250 participating investors.

Dr Lavelle said that Ausbiotech was "very grateful to the Government of Victoria" for its assistance to the conference and the sector.

Ausbiotech chair and Bionomics chief executive officer Dr Deborah Rathjen also thanked the Victorian Government for its support and introduced the chair of the first plenary session 'Commercialisation of Medical Innovation', the director of the Oxford University Centre for Accelerating Medical Innovations Dr Richard Barker.

Dr Barker told the conference that increasing technological development from gene sequencing to imaging, along with increasing life spans, new 'lifestyle diseases', including obesity and binge drinking, as well as infectious diseases, were increasing pressures on global health systems.

Dr Barker said that "the challenge is not providing health benefits but being able to afford it" and said that one in three US citizens had diabetes or were pre-diabetic with obesity-related type 2 diabetes consuming 20 percent of the US health budget.

Dr Barker called for a new paradigm in regulatory procedures.

OSPREY MEDICAL

Osprey says it has improved its Cincor cardiac dye removal system with a technology that reduces the amount of X-ray contrast dye used in angioplasty and stenting.

Osprey said that reducing the amount of dye, in addition to capturing and removing the used dye, was expected to protect the kidney from dye exposure and reduce the incidence of contrast induced nephropathy (CIN).

The Minnesota, Minneapolis-based company said that the Cincor system was developed at Melbourne's Baker IDI Heart and Diabetes Institute and the new dye reduction system had been used on 44 patients, including 14 at the Baker Institute.

Osprey said that the US Food and Drug Administration had accepted its investigational device exemption (IDE) amendment approving the use of the enhanced Cincor dye removal and dye reduction system for its registration-directed clinical trial, which was ready to begin with the first patient expected to be enrolled shortly.

Osprey said that cardiologists routinely use dye when performing heart procedures such as angioplasty and stenting, to image arteries throughout the procedure, but injection of dye for heart procedures was often associated with significant leakage through reflux, with dye dispersed randomly through the patient's body and of no use in the heart procedure.

The company said the dispersed dye was not amenable to capture and removal, so it ultimately made its way to the kidneys where it can contribute to contrast induced nephropathy.

Osprey said the enhancement to the Cincor system limited reflux, reducing the amount of dye injected into the patient for a heart procedure.

The company said that by capturing and removing dye from the heart before it reaches the kidneys, as well as reducing the amount of dye injected, the Cincor system could provide greater protection to the kidneys and lowering of the incidence of contrast induced nephropathy.

Osprey said that a pilot clinical trial of 14 patients at the Baker Institute found that the reflux reduction system reduced the amount of dye injected by about 37 percent compared to procedures that did not use the technology.

The Baker is adjacent to Melbourne's Alfred Hospital and the hospital's head of cardiology Dr Stephen Duffy said that the reflux reduction system was "easy to use and allowed for significant reduction in dye delivered without compromising image quality".

"This system has the potential to offer chronic kidney disease patients undergoing a coronary angiogram a lower risk of CIN," Dr Duffy said.

Osprey said that image quality with the reflux system was comparable to control images without the system and there were no device related safety issues.

Osprey chief executive officer Mike McCormick said the company was "pleased to add the benefits of dye reduction to our Cincor contrast removal system".

"We had already achieved positive results in our trials to date utilising Cincor for the capture and removal of dye," Mr McCormick said.

"As we are about to commence our registration directed pivotal trial, we feel the combination of now reducing the amount of dye used as well as capturing and removing dye during heart procedures, will further enhance the performance of the Cincor System in lowering the incidence of CIN," Mr McCormick said.

"We are delighted that the FDA has approved the company's IDE amendment allowing the use of our reduction and removal system for this trial and we look forward to commencing the trial," Mr McCormick said.

Osprey was unchanged at 32 cents.

OCTA PHILLIP BIOSCIENCE MANAGERS

Octa Phillip says the first close on its Asia Pacific Healthcare Fund II, has so far attracted \$55 million from Australian institutions, IOOF and the Meatworkers Industry Employees Superannuation Fund.

Bioscience Managers' managing director Dr Jeremy Curnock Cook said the healthcare and life sciences sector in Australia and the Asia Pacific region was "much more resilient than traditional commodity markets".

Octa Phillip said the fund had started building its portfolio, investing \$3 million in Avita and assessing a number of other companies.

Octa Phillip chief investment officer Matt McNamara said the company was "extremely pleased to have completed a first close at \$55 million in a very difficult market".

"We would hope to raise \$100 million or more by our final close in about a year," Mr McNamara said.

MEDICAL DEVELOPMENTS INTERNATIONAL

Medical Developments says it has an understanding with an unnamed pharmaceutical company to supply its asthma spacer to the Australian market for two years.

Medical Developments chief executive officer John Sharman said the memorandum of understanding for the company's Compact Space Chamber asthma device was "with one of the world's leading respiratory pharmaceutical companies and to partner with them is a great achievement".

"To be selected in a competitive process further validates the world class quality and performance of our new and patented cross-valve technology range of asthma medical devices," Mr Sharman said.

Medical Developments chairman David Williams said that when signed, the partnership would be "a great win for our Australian business, but there are also a number of opportunities in front of us that should see our new space chamber technology open new export markets in the near term".

Medical Developments was up 3.5 cents or 1.95 percent to \$1.83.

PHOSPHAGENICS

Phosphagenics says its tocopheryl phosphate mixture or TPM technology will be incorporated in racehorse food supplements.

Phosphagenics said the TPM supplements would be manufactured by Equine Ergogenics Australia and sold through a jointly owned marketing company.

The company said that the products Obla-max, Obla-plus and Phytate X Max were designed to improve the performance and well-being of thoroughbred horses.

Phosphagenics said the first two products combined TPM technology with vitamins and minerals that aided in the production of red blood cells and Phytate X Max would use TPM to enhance the delivery of betacarotene and vitamin C, ingredients known to limit the iron-blocking effects of phytates which occurred naturally in horses fed grains and legume diets.

The company said the Singapore Turf Club had approved the products for use and the first order had been received from one of Singapore's leading thoroughbred trainers.

Phosphagenics chief executive officer Dr Esra Ogru said the launch was further endorsement of the company's versatile platform delivery technology.

Phosphagenics was unchanged at 15.5 cents with 1.6 million shares traded.

COCHLEAR

Baillie Gifford & Co and associates have increased their substantial holding in Cochlear from 5,453,331 shares (9.57%) to 6,041,168 shares (10.60%).

The Edinburgh-based Baillie Gifford became substantial in Cochlear in 2011 and has continued acquiring shares (BD: Aug 19, Oct 25, 2011; Feb 3, Oct 3, 2012).

Cochlear was up 17 cents or 0.24 percent to \$71.19 with 249,984 shares traded.

CRYOSITE

Cryosite shareholders voted overwhelmingly in favor of the remuneration report, removing the threat of a 'second strike' spill motion.

Last year, Cryosite shareholders defeated the remuneration report vote (BD: Nov 8, 2011).

Today, Cryosite said the re-elections of directors Andrew Kroger and Graeme Moore were supported overwhelmingly and the potential spill resolution was withdrawn.

Cryosite was untraded at 35.5 cents.

NUSEP

Nusep's annual general meeting will vote on a potential second strike board spill, along with the issue of 5,196,058 shares to directors in lieu of loan repayments.

In 2011, Nusep's remuneration report vote was passed with 53,746,626 proxy votes (72.7%) in favor and 20,200,350 proxy votes (27.3%) against (BD: Nov 29, 2012).

Nusep will ask shareholders to approve the issue of shares in lieu of loan repayments to directors John Manus, Hari Nair, Iain Sorrell and Andrew Goodall as well as 428,571 shares each to Mr Manus, Mr Nair and Mr Goodall in relation to a separate facility.

The company's notice of meeting said other resolutions included the increase in directors fee pool by 80 percent to \$450,000 and the conversion of those fees to shares, along with the election of directors Mr Sorrell and Mr Goodall.

The meeting will be held at 324 Burns Bay Road, Lane Cove, Sydney, on November 30, 2012 at 10am (AEDT).

Nusep was up 0.7 cents or 8.75 percent to 8.7 cents.

IMUGENE

Imugene says Paul Hopper will replace chief executive officer Dr Warwick Lamb as a director, effective immediately.

Imugene said that Mr Hopper was a managing director of investment bank Cappello Group and head of its life sciences group and Australia desk in Los Angeles and was the executive chairman of Viralytics and a director of Somnomed, Isona, Psivida and Fibrocell Science would be a non-executive director.

The company said that "due to a lack of commercial interest and viability", development on the animal health products had ceased and discussions with the Commonwealth Scientific and Industrial Research Organisation to terminate licenses were well advanced".

Imugene said it would focus on the commercialization of the drug delivery technology, Linguet, recently acquired from Consega.

Imugene was unchanged at 1.3 cents.