



Biotech Daily

Tuesday May 7, 2013

Daily news on ASX-listed biotechnology companies

- * **ASX DOWN, BIOTECH UP: BENITEC UP 8%, CIRCADIAN DOWN 10%**
- * **I'ROM TAKES 19% OF IDT TO PARTNER FOR TRIAL SERVICES**
- * **ALLAN GRAY (ORBIS) TAKES 11% OF NANOSONICS**
- * **NOVOGEN EXPANDS INDICATIONS TO PANCREATIC CANCER, MELANOMA**
- * **NOVOGEN APPOINTMENTS: DR DAVID BROWN, DR ANDREW HEATON**
- * **HEALTHLINX ADMINISTRATORS APPOINTED**
- * **ARMADA, ASSOCIATES RETAIN 5% OF ALCHEMIA**
- * **GRANDLODGE, ANASTASIOU TAKE 17% OF IMMURON**
- * **BIO-MELBOURNE 'PRESSURE ON GENERICS' BREAKFAST**

MARKET REPORT

The Australian stock market fell 0.24 percent on Tuesday May 7, 2013, with the S&P ASX 200 down 12.5 points to 5,143.7 points.

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

Benitec was the best, up 0.1 cents or 7.7 percent to 1.4 cents, with 200,000 shares traded.

Pharmaxis and Prima climbed more than six percent; Viralytics was up 5.1 percent; Phosphagenics was up 4.55 percent; Allied Health and Sirtex were up more than three percent; Bionomics, Cochlear and Optiscan rose more than two percent; Avita and Nanosonics were up one percent or more; with Acrux, CSL, Medical Developments and Resmed up by less than one percent.

Circadian led the falls, down 2.5 cents or 10 percent to 22.5 cents with 5,500 shares traded.

QRX lost 9.5 percent; Anteo was down 7.7 percent; Reva and Tissue Therapies fell four percent or more; Genetic Technologies was down 3.7 percent; Alchemia and Starpharma shed more than two percent; with Heartware down 1.15 percent.

IDT AUSTRALIA

IDT jumped 31.6 percent to 25 cents on news that Japan's I'rom Holdings would take an 18.8 percent strategic cornerstone stake in the company.

IDT said that I'rom will be issued 10,000,000 shares at 20 cents a share raising \$2 million in gross proceeds and net proceeds of \$1.67 million.

The company said that I'rom was a provider of site management services to the Japanese pharmaceutical industry and was listed on the Tokyo Stock Exchange.

IDT said that the investment created a partnership between the companies, focused on expansion of clinical trial support services in Australia and the region and the two would establish a strategic management group to identify and evaluate opportunities.

The company said that I'rom pioneered Japan's site management organization industry and employed 331 staff across multiple clinical sites and generated annual revenues in 2012 of about \$70.7 million.

IDT said that site management organizations provided clinical trial site related services directly to clinical sites, or to contract research organizations such as its own CMax facility at the Royal Adelaide Hospital, pharmaceutical companies, biotechnology companies and medical device companies.

The company said that the partnership would accelerate the growth and development of its CMax clinical trials business through the addition of I'rom services and access to their Japanese client base.

IDT said it would establish a network of medical institutions, similar to I'rom's effort in Japan, allowing the two companies to more adequately serve the needs of the industry.

IDT said the same network would serve to counter the current weaknesses in the Australian clinical trials market, as highlighted within Medicines Australia's November 2011 paper 'Keeping Clinical Trials in Australia - Why Action is Needed Now'.

The company said that site management services were yet to be developed to any extent in the Australasian region and the alliance was expected to add to the ability of CMax to service the local clinical trials market and form the foundation for a larger clinical services business that would include services from I'rom, CMax and IDT's existing clinical trials packaging and distribution service run from the approved facilities in Boronia, Victoria.

IDT said that site management organizations had begun to offer services into the field of clinical research and had grown at a rapid rate in the US and other countries such as India, China and Brazil where clinical trial outsourcing has been at its peak.

The company said the Japanese services market was valued at JPY46 billion (\$A460 million) and the growing global industry was valued at about \$3 billion.

IDT said that part of the costs of the capital raising included a success fee payable under an arm's length arrangement with investment advisory firm Kidder Williams, which brokered the placement to I'rom and was associated with IDT director David Williams.

IDT said the placement should be completed on May 10, 2013.

IDT closed up six cents or 31.6 percent at 25 cents with 58,910 shares traded.

NANOSONICS

Allan Gray Australia has increased its substantial holding in Nanosonics from 25,707,043 shares (9.84%) to 28,384,307 shares (10.85%).

Allan Gray, formerly Orbis Investment Management, said the 2,677,264 shares were acquired between December 7, 2012 and May 2, 2013 for \$1,274,659 or an average price of 47.6 cents a share.

Nanosonics was up half a cent or 1.25 percent to 40.5 cents.

NOVOGEN

Novogen says screening of its second generation of super-benzopyrans in its drug discovery platform has identified compounds for pancreatic cancer and melanoma. Novogen said the drug discovery program aimed to use its proprietary 'bend' technology to identify new lead compounds, with CS-6 a product of the first generation of compounds. Novogen said that using CS-6 as the starting point, the program constructed new compounds of differing shape and increasing complexity to discover candidates with potent activity against various types of cancer stem cells and regular cancer cells and had identified melanoma and pancreatic cancer as highly sensitive to second-generation compounds, with two showing high potency.

Novogen chief scientific officer Dr David Brown said that the identification of "two new hit compounds against pancreatic cancer and melanoma nicely complements our pipeline of CS-6 with its key indications of glioblastoma and ovarian cancer".

"Our task now is to decide which of these two new compounds we will fast-track through to the clinic in parallel with CS-6," Dr Brown said.

Novogen North America chief executive officer Dr Andrew Heaton said the results "confirm our belief in the exciting potential of our ability to 'bend' small molecules to deliver specific activity against specific forms of cancer ... providing comprehensive activity against both regular cancer cells and their progenitor cells".

Separately, Novogen said that Dr Brown had replaced Dr Heaton as chief scientific officer and Dr Heaton had been appointed chief executive officer of Novogen North America.

Novogen said Dr Brown was a biologist who was responsible for the pre-clinical testing of its oncology drugs including Phenoxodiol, Triphendiol, NV-128, NV-143 and NV-344 from 2000 to 2010 and that in 2010, Dr Brown joined Janssen as a medical advisor and had returned to the company as the head of research and development, based in Sydney.

Novogen said Dr Heaton would continue to oversee the discovery program and manufacture of drug ahead of clinical testing, centered in Europe, would be based in New York to better interact with the US shareholders and regulators.

Novogen was up one cent or 6.1 percent to 17.5 cents with 1.2 million shares traded.

HEALTHLINX

Accountants Hall Chadwick says that its administrators David Ross and Shanon Thomas have been appointed as joint and several administrators of Healthlinx.

Healthlinx attempted to commercialize its Ovplex ovarian cancer diagnostic, which was composed of five biomarkers including CA-125, claiming it was superior to CA-125 alone, but never published comprehensive comparative sensitivity and specificity data, and last week, requested a suspension pending a funding announcement (BD: Apr 30, 2013).

In March, former chief executive officer Nick Gatsios resigned as a director and the company said an unnamed lender would provide \$1,000,000 through a loan and convertible bond via Gleneagle Securities Nominees (BD: Mar 21, 2013).

Gleneagle Securities' website names "partners" including Morgan Stanley, Westpac Bank, Nomura and Deutsche Bank along with one client Velocity Capital, the group does not disclose the names of any of its principals, but Biotech Daily was unable to make contact with the company other than leaving a message on an answering machine.

Late last year Healthlinx said the agreement to licence Ovplex to Mane Cancer Diagnostics had expired as sale conditions had not been met (BD: Jan 20, 2013).

In November 2008 and March 2010, the University College London Gynaecological Cancer Research Centre published a statement highly critical of the Ovplex test.

Healthlinx last traded at 0.1 cents.

ALCHEMIA

Armada Trading and associates have reduced their substantial shareholding in Alchemia from 16,515,849 shares (5.2%) to 16,502,217 shares (5.09%).

The substantial shareholder notice said that the Sydney-based Armada was associated with Pinwillow Pty Ltd a superannuation fund controlled by Anthony Berg, Trina Investments Pty Ltd, a company controlled by Anthony Berg, and Karen Martin. The notice said that shares had been transferred off-market to and from an associated entity and shares were acquired in the recent share plan, along with other share acquisitions.

In April, Alchemia's share plan raised \$2.75 million at 30 cents a share (BD: Apr 12, 2013).

Alchemia fell one cent or 2.8 percent to 34.5 cents.

IMMURON

Grandlodge Pty Ltd and the Anastasiou Superannuation Fund have become substantial shareholders in Immuron with the acquisition of 168,326,929 shares or 16.56 percent.

The initial substantial shareholder notices said that the Chirnside Park, Victoria-based companies acquired the shares for \$504.980 or 0.3 cents a share.

The notice filed by Grandlodge director Peter Anastasiou.

Immuron was up 0.1 cents or 50 percent to 0.3 cents with 3.6 million shares traded.

BIO-MELBOURNE NETWORK

Bio-Melbourne Network says its May Bio-Breakfast will discuss the pressure that may be building on the generics industry with increasing competition from larger companies.

Bio-Melbourne Network chief executive officer Michelle Gallaher said that many innovator pharmaceutical companies were experiencing "the perfect storm - unprecedented patent expirations, tighter government health budgets and lower drug reimbursement for the foreseeable future is creating a challenging business environment for big pharma".

"Many generics companies saw significant revenue growth in 2012 when many pharma originator companies experienced a fall in revenue," Ms Gallaher said.

The Network said that Hospira's former Asia-Pacific president Dr Tim Oldham would discuss whether generic companies would continue to flourish under the current business climate or whether they, too, would need to reconsider their business strategy following increasing competition in the generics market by larger pharmaceutical companies.

The Network said that Dr Oldham would also discuss the bio-similars market and what opportunities Australian generic and biotech companies might seek in this environment.

The Bio-Melbourne Network said that Thomson Reuters customer education manager for Australasia Steven Werkheiser would provide industry data on trends in the generics sector.

The May 14, 2013 Bio-Breakfast will be held at the Shell Petroleum Spring Street Conference Centre, 1 Spring Street, Melbourne.

Registration is from 7:15am, with presentations from 8am.

For more information or to book go to: <http://www.biomelbourne.org/events/view/276>