



Biotech Daily

Wednesday August 21, 2013

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH UP: PHYLOGICA UP 12.5%, TISSUE THERAPIES DOWN 14%**
- * **COALITION R&D CREDIT 'REVIEW'; \$100m TRANSITION, EXPORT FUNDS**
- * **SIRTEX \$3m FOR ANU PROFESSORIAL CHAIR**
- * **AVITA DUTCH RECELL VITILGO TRIAL RECRUITS ALL 10 PATIENTS**
- * **COGSTATE REVENUE UP 4% TO \$12.6m, PROFIT TO LOSS**
- * **PHARMAUST SHARE PLAN FOR \$1m**
- * **CONSEGNA SHARE PLAN FOR \$1m**
- * **DR DAX MARCUS CALDER TAKES 6.4% OF PATRYS**
- * **BONE REQUESTS 'LA JOLLA COVE STATUS' TRADING HALT**
- * **MERCHANT REDUCES, DILUTED TO 16% OF CALZADA**
- * **ISONEA'S ASTHMASENSE WINS FROST AND SULLIVAN GONG**

MARKET REPORT

The Australian stock market climbed 0.43 percent on Wednesday August 21, 2013 with the S&P ASX 200 up 21.8 points to 5,100.0 points. Seventeen of the Biotech Daily Top 40 were up, eight fell, nine traded unchanged and six were untraded. All Big Caps rose.

Yesterday's worst, Phylogica, was today's best, up 0.2 cents or 12.5 percent to 1.8 cents with 50,000 shares traded.

Impedimed climbed 7.7 percent; Cellmid was up 6.7 percent; Anteo and Patrys were up more than five percent; Atcor, Bionomics, Osprey and Prima were up four percent or more; Pharmaxis and Reva were up more than three percent; Allied Health, Living Cell and Sirtex rose two percent or more; Acrux, Alchemia, Cochlear and Viralytics were up more than one percent; with CSL and Resmed up by less than one percent.

Yesterday's best, Tissue Therapies, led the falls, down five cents or 14.3 percent to 30 cents with 706,020 shares traded. Genetic Technologies, Nanosonics and Prana fell more than four percent; Heartware, QRX and Starpharma shed more than two percent; with Mesoblast down 0.5 percent.

LIBERAL NATIONAL PARTY COALITION

The Liberal and National Party Coalition says if elected it will cut taxes, review the 45 percent research and development tax credit and fund transition and export programs. In launching 'The Coalition's Policy to Boost the Competitiveness of Australian Manufacturing' the Opposition parties said primary measures would be to remove the Mining Tax and Carbon Tax, reduce the company tax rate to 28.5 percent and cut "red tape costs for business by \$1 billion a year".

The Coalition said that a Minister for Trade and Investment would be appointed to encourage investment in Australia and Australian-based industries, including foreign investment.

The Coalition document said a \$50 million manufacturing transition grant program over two years would provide grants up to \$10 million to communities, businesses and stakeholders to help support a transition to competitive industries.

"Australian manufacturing is not dying," the Coalition said. "But it is transitioning from heavy or capital intensive assembly-type works to niche industries centred on intellectual capital for competitive advantage."

"Biotechnology, for example, is entirely dependent on intangible, knowledge-based production, but it has the potential to yield significantly higher returns for workers, communities and the economy than more traditional manufacturing," the coalition said.

"The Australian Government should encourage the development of high value-added, competitive manufacturing industries," the document said.

The Coalition said it would examine "the effectiveness of existing tax incentives and develop recommendations for improving the incentive regime for innovation and [research and development] investment".

The Coalition said it would build the manufacturing export base "by progressively restoring funding to Export Market Development Grants starting with an initial \$50 million boost encouraging small and medium sized Australian manufacturers to develop export markets, particularly for those who specialise in unique and high value manufacturing operations".

The Coalition said it would create Strategic Growth Action Agendas to encourage investment in high-growth manufacturing industries and would look to remove regulatory burdens and implement strategies for growth, as well as strengthen the anti-dumping regime and have a comprehensive review of competition laws and framework.

The Coalition said that tax incentives for innovation and industry-funded research and development were "important to promoting private sector investment in building the competitive advantages of tomorrow" and it would use the scheduled 2014 changes to the R&D Tax Incentive program to review access to research and development tax support for businesses barred from access under cost savings made by Labor.

The Coalition condemned the Labor Government two changes to research and development support and said that, supported by the Greens, the Rudd-Gillard Government changed rules, principles and definitions and claimed that in 2013 the Government moved to "disqualify a range of large companies from receiving any incentive to invest in Australian [research and development]".

The Coalition said it would "use the review process to examine the potential for creating a second stream of the existing R&D Tax Incentive, based more closely on the definitions and eligibility criteria of the former R&D Tax Concession".

The Coalition said the review would examine the potential of the 'patent box' model used overseas and a taxation White Paper would consider the effectiveness of existing taxation incentives for innovation and industry funded research and develop recommendations for improving incentives for innovation and research and development investment.

SIRTEX MEDICAL

Sirtex has funded a professorial chair at the Australian National University to enable researchers to focus on biomedical technology for infectious disease and liver cancer. An Australian National University media release said that the inaugural Sirtex Chair had been awarded to Prof Ross Stephens from the Department of Applied Mathematics. The University said Sirtex had committed to sponsor the Chair for up to \$3 million dollars over three years.

ANU vice-chancellor Prof Ian Young said the establishment of the Chair was "a fine example of industry investing in a meaningful way in research and development for the benefit of all".

"It shows the confidence that Sirtex has for the quality and quantity of research that ANU produces," Prof Young said.

The University said that the Sirtex-funded research aimed to create a technology that would stop the collateral damage of healthy cells in cancer patients by localizing the radiation treatment at tumor sites.

"We're trying to fashion an internal therapy that is highly localized and that also gives doctors flexibility in designing individual treatment plans," Prof Stephens said.

Department of Applied Mathematics head Prof Tim Senden said that while the research was "highly focused on new [adaptations] of Sirtex's existing technology, it also allows us the flexibility to follow our fundamental research along unpredicted pathways that could lead to new uses for the technology".

Sirtex chief executive officer Gilman Wong said the company was committed to innovation and helping improve clinical outcomes for people with cancer.

Sirtex was up 35 cents or 2.8 percent to \$12.98.

AVITA MEDICAL

Avita Medical says a 10-patient Netherlands trial evaluating Recell spray-on skin for skin pigmentation disorders including vitiligo has completed enrolment.

Avita said the randomized, blinded, controlled trial by the Stichting Nederlands Instituut voor Pigmentstoornissen (the Netherlands Institute for Pigment Disorders) was designed to evaluate the safety and effectiveness of Recell to return pigmentation in vitiligo patients and was comparing Recell in combination with laser treatment to laser treatment alone. The company said that patients had regular follow-up visits scheduled up to six months post-treatment and unpublished interim results were "highly encouraging".

The Institute's principal investigator Dr Albert Wolkerstorfer said Recell "offers promise as a potential therapy in the management of stable and segmental vitiligo patients".

Avita chief executive officer Dr William Dolphin said that the trial would provide "strong clinical data on the effectiveness of Recell in the management and treatment of vitiligo and other skin dyspigmentation conditions".

"This study, and other clinical trials under way or starting, are an important part of our overall regulatory and commercial strategy to bring Recell to the broadest number of patients in need of new treatment options," Dr Dolphin said.

Avita said that treatment of skin pigmentation disorders was a significant opportunity in a large market with limited safe and effective treatments.

The company said that vitiligo was an incurable pigmentation disorder with significant psychological effects on patients, in which patches of the skin lose their pigment, with about 1.5 percent of the global population affected, with a market of 18.5 million people in developed countries and up to five million people with vitiligo in the US.

Avita was unchanged at 13 cents.

COGSTATE

Cogstate says revenue for the 12 months to June 30, 2013 was up 4.0 percent to \$12,600,530, but the previous year's profit has turned to a loss after tax of \$1,957,233. Cogstate said that the net loss of \$1.9 million reflected "expenditure in Axon Sports and Healthcare business".

The company said that net tangible asset backing per share fell 11.1 percent to eight cents and diluted loss per share was 2.6 cents compared to the previous year's diluted earning per share of 3.3 cents.

Cogstate said that cash and cash equivalents at June 30, 2013 was \$3,392,617 compared to the previous year's \$4,659,512.

Cogstate was unchanged at 42 cents.

PHARMAUST

Pharmaust hopes to raise a further \$1,000,000 through a share purchase plan at one cent a share with one attaching option with each parcel of four new shares.

Pharmaust said that investors could acquire shares in parcels up to \$15,000 and the options were exercisable at two cents each by August 31, 2015.

The company said the record date was July 3, the plan opened on August 20 and would close on September 10, 2013.

Earlier this month, Pharmaust raised \$2.5 million on the same terms for the back-door listing of Pitney Pharmaceuticals with its three cancer therapeutic platforms (BD: Apr 30, Jul 5, Aug 1, 12, 2013).

Pharmaust fell 0.1 cents or 8.3 percent to 1.1 cents with 7.5 million shares traded.

CONSEGNA GROUP

Consegna says it has raised \$1,000,000 at four cents a share through a placement to professional and sophisticated investors through Peloton Capital.

The company said that subject to shareholder approval it would issue one free attaching option for each parcel of four new shares exercisable at six cents by April 30, 2017.

Consegna chief executive officer Michael Johnson said the funds would go to the launch of the Breatheassist Turbine nasal plugs for the online sport and exercise market.

Consegna was up 0.2 cents or 4.8 percent to 4.4 cents with 5.1 million shares traded.

PATRYS

Dr Dax Marcus Calder has increased his substantial shareholding in Patrys from 24,881,000 shares (5.3%) to 32,500,000 shares (6.4%).

The substantial shareholder notice said that the West Perth, Western Australia-based Dr Calder acquired 7,619,000 shares between November 2, 2012 and August 18, 2013 for \$221,459 or 2.91 cents a share.

Patrys was up 0.2 cents or 5.4 percent to 3.9 cents with 1.3 million shares traded.

BONE MEDICAL

Bone has requested a trading halt "pending a review of the status of funding arrangements with La Jolla Cove Investors" (BD: Aug 19, 2013).

Trading will resume on August 23, 2013 or on an earlier announcement.

Bone last traded at 0.1 cents.

CALZADA

Merchant Funds Management has reduced its substantial share-holding in Calzada and been diluted from 66,804,095 shares (19.28%) to 66,594,675 shares (16.40%).

The Perth, Western Australia-based Merchant Capital said that between June 29, 2102 and July 9, 2013 it bought shares at prices from 4.9 cents to 7.1 cents and sold shares between 4.5 cents and 6.5 cents and was diluted in a capital raising (BD: Jul 23, 2013). The notice gave an incorrect figure for the previous holding, but a Merchant official provided Biotech Daily the correct figure.

Calzada chairman David Franklyn told Biotech Daily that he did not have a relevant interest in the shares held by the Merchant Opportunities Fund.

Mr Franklyn said that in June 2012, Merchant Funds Management had taken over the investment management of the Merchant Opportunities Fund, previously known as the Entrust Investment Fund and from that date he was not involved in the investment decision-making of the Fund and no longer had an association.

Mr Franklyn said that the Merchant substantial shareholder notice reported that since it's last shareholder notice in June 2012 that the responsible entity of the Merchant Opportunity Fund had changed from Entrust Funds Management to Capricorn Investment Partners (BD: Jun 29, 2012) . This was reported as a matter of record.

Calzada was up 0.1 cents or 1.2 percent to 8.2 cents.

ISONEA

Isona says it has won a North American Frost and Sullivan 2013 Innovation Leadership Award for its Asthmasense Cloud mobile health technology.

Isona said the award acknowledged its "outstanding achievement" and performance in developing an innovative product featuring leading-edge technologies.

The company said that Frost and Sullivan described it as "a pioneer in the healthcare industry", commending the product's ability to collect, analyze and communicate asthma data and noted the company's leadership, innovation, customer service and strategic product development.

Isona was up 1.5 cents or 2.8 percent to 55.5 cents.