



Biotech Daily

Thursday August 22, 2013

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH DOWN: CIRCADIAN UP 15%, PHYLOGICA DOWN 11%**
- * **COALITION: 'FASTER TRIALS, DRUG APPROVALS; \$35m FOR DIABETES'**
- * **LABOR'S PETER BEATTIE: 'I WILL CHAMPION BIOTECHNOLOGY'**
- * **LBT REVENUE UP 333% TO \$4.4m, ONE-OFF TURNAROUND \$531k PROFIT**
- * **OBJ RAISES \$1.85m**
- * **PROBIOTEC REVENUE UP 5% TO \$70m, PROFIT DOWN 52% to \$597k**
- * **GENETIC TECHNOLOGIES SIGNS INTERWEST FOR BREVAGEN TESTS**
- * **GRAEME KAUFMAN REPLACES IDT CHAIRMAN DR GRAEME BLACKMAN**
- * **PROGEN PG545 TOXICOLOGY STUDY, DR KEITH DREDGE RETURNS**
- * **ASX TO RELEASE 6,535,910 GI DYNAMICS CDIS FROM ESCROW**

MARKET REPORT

The Australian stock market fell 0.48 percent on Thursday August 22, 2013 with the S&P ASX 200 down 24.25 points to 5,075.7 points.

Seven of the Biotech Daily Top 40 were up, 18 fell, 12 traded unchanged and three were untraded. All three Big Caps fell.

Circadian was the best, up 3.5 cents or 14.9 percent to 27 cents with 33,350 shares traded. Prana climbed 7.45 percent; QRX and Tissue Therapies were up more than three percent; Heartware rose 2.4 percent; with Allied Health and Compumedics up more than one percent.

Phylogica led the falls, down 0.2 cents or 11.1 percent to 1.6 cents with 206,477 shares traded.

Patrys fell 7.7 percent; Cellmid lost 6.25 percent; Bionomics was down 5.5 percent; Neuren and Phosphagenics fell more than four percent; Alchemia, Atcor, Avita and Medical Developments were down more than three percent; Nanosonics and Starpharma shed more than two percent; Anteo, Cochlear, Living Cell, Mesoblast, Prima, Resmed, Sirtex and Universal Biosensors were down more than one percent; with CSL down 0.5 percent.

LIBERAL NATIONAL PARTY COALITION

The Liberal and National Party Coalition says it will approve medicines and clinical trials faster and provide \$35 million for type 1 diabetes research.

The Coalition's 'Policy to Support Australia's Health System' said it would "tackle chronic diseases, provide faster access to newly approved medicines, invest in Australia's medical workforce and prepare the health system for the demographic changes ahead".

The Coalition said it would "restore the independence of the Pharmaceutical Benefits Advisory Committee and restore integrity to the Pharmaceutical Benefits Scheme listing process so that medicines can get to patients faster" and give the Health Minister authority to list medicines recommended by the PBAC that do not cost more than \$20 million in any of the first four years of its listing.

The Coalition said it would bring forward the roll-out of the National Bowel Cancer Screening Program.

The health policy said the Coalition would provide researchers and scientists more time to work "rather than paperwork, by streamlining grant application and approval processes", rationalize complex and duplicated ethics processes and accelerate clinical trial reforms. The Coalition said it would invest \$42 million in the Australian Institute of Tropical Health and Medicine and establish northern Australia "as a centre of excellence in tropical health, medical and biotechnology research and research training".

The Coalition said it would provide \$35 million to help find a cure for type 1 diabetes through the Juvenile Diabetes Research Foundation's Clinical Research Network.

The Coalition said it recognized the need for a more coordinated approach for type 2 diabetes across all levels of government and an array of program and considerable resources were used for competing purposes at Federal, State and local government levels and in the non-government sector.

The Coalition said it would support a National Diabetes Strategy so that existing resources were better coordinated and targeted across all levels of government and prioritize a response through prevention strategies, early detection, early interventions, management and treatment.

The Coalition said it would "restore the private health insurance rebate as soon as we responsibly can ... [while delivering] a more efficient funding model for hospitals through activity-based funding".

Medicines Australia said it welcomed both yesterday's announced commitment to boosting manufacturing and research and development investment and today's changes to the PBS and PBAC.

Medicines Australia chief executive Brendan Shaw said the medicines industry "welcomes any moves to reduce red-tape and boost exports and is ready to work with the Coalition to streamline regulation of our sector".

"However, Medicines Australia has been supportive of the R&D tax credit as a policy that has attracted investment to Australia and cautions that any changes to the policy must be carefully weighed to ensure they don't discourage investment," Dr Shaw said.

"A predictable, transparent and collaborative environment is critical to the future of the medicines industry in Australia," Dr Shaw said.

"Medicines Australia has been calling for years for the restoration of confidence in the independence and integrity of the Pharmaceutical Benefits Advisory Committee that is why we are backing today's announcement," Dr Shaw said.

"Medicines Australia particularly welcomes giving the Health Minister authority to list medicines that do not cost more than \$20 million in their first four years," Dr Shaw said.

"Measures to accelerate clinical trial reform are also very welcome and have the potential to make tangible benefits to patients," Dr Shaw said.

AUSTRALIAN LABOR PARTY

The former Premier of Queensland Peter Beattie says he will work for biotechnology and innovation in any capacity, whether as “a humble backbencher” or in any other role.

Now the candidate for the Federal Queensland seat of Forde, Mr Beattie told Biotech Daily that he was most reluctant to resign from the board of the Medical Research Commercialization Fund, because it was the right model to deliver so much.

“The beauty of the model is that it has all the major institutions in it,” Mr Beattie said. “And we need a similar fund for mining services and other innovative industries.”

He said he had to resign “with a very heavy heart” because the Fund received Federal Government money.

Mr Beattie said that the Fund was managed by Brandon Capital and he had worked well with its chairman, former Victorian Liberal Treasurer Alan Stockdale.

Mr Beattie said biotechnology was “one of my obsessions”.

“Innovation is one of my passions and without it we won’t compete with America, China and India,” Mr Beattie said.

“Whatever happens in this election it will be there and I want to see us involved in innovation, not just in biotechnology but in all industries,” Mr Beattie said.

As Premier of Queensland, Mr Beattie was instrumental in creating projects underpinning research, development and commercialization.

According to the MRCF website, following his nine years as Premier, Mr Beattie was Queensland's Trade Commissioner to North and South America and in 2010 was made an Adjunct Professor in Bioscience and Nanotechnology with the University of Queensland's Australian Institute for Bioengineering and Nanotechnology and Adjunct Professor in Bioscience and Nanotechnology with the University's Institute for Molecular Bioscience.

LBT INNOVATIONS

LBT has declared a turnaround net profit after tax for the 12 months to June 30, 2013 of \$531,000 on revenue up 333.4 percent to \$4,416,000.

LBT said that the increase in revenue “was largely attributable to a \$2 million upfront signing fee arising from the joint venture agreement with Hettich AG Switzerland” and a capital gain of about \$1.5 million that was recognized on its interest in the joint venture. The company said that Biomérieux paid the minimum guaranteed royalty of \$600,000 for the use of its automated plate-streaking technology.

The company said that net tangible assets per shares was up 122.2 percent from 0.99 cents to 2.2 cents and diluted earnings per share was 0.53 cents compared to the previous year's loss of 1.16 cents a share.

LBT said it had \$876,000 in cash and cash equivalents at June 30, 2013, compared to \$2,932,000 at June 30, 2012.

LBT was unchanged at 7.9 cents.

OBJ

OBJ says it has raised \$1.85 million through the placement of 123 million shares at 1.5 cents a share to sophisticated and professional investors.

OBJ said that investors would receive two options for every five new shares acquired, exercisable at one cent by December 31, 2014.

The company said that Baker Young Stockbrokers was the lead manager to the placement, which was “heavily oversubscribed”.

OBJ fell 0.3 cents or 16.7 percent to 1.5 cents with 10.4 million shares traded.

PROBIOTEC

Probiotec says revenue for the 12 months to June 30, 2013 was up five percent to \$69,582 with net profit after tax down 52 percent to \$597,000.

Probiotec said that net profit was affected by “pressure on its operating margins in the current subdued retail climate” and adjustments to its group activities, which would focus on contract manufacturing, branded products and intellectual property development”.

The company said its pharmaceuticals and consumer sector including Gold Cross, David Craig, Lomotil and Vermox, as well as weight loss and sport nutrition products fell 0.7 percent to \$35,445,162.

Probiotec said contract manufacturing revenue was up 35.5 percent to \$23,729,543.

Probiotec said net tangible assets per share at June 30, 2013 was up one percent to 65.3 cents and diluted earnings per share was down 54.2 percent to 1.1 cents, compared to the previous year’s 2.4 cents.

The company said it had \$46,117 in cash and cash equivalents at June 30, 2013, compared to \$193,388 at June 30, 2012.

Probiotec fell three cents or 7.5 percent to 37 cents.

GENETIC TECHNOLOGIES

Genetic Technologies says it has signed the Missoula, Montana-based Interwest Health as its eight network provider for Brevagen breast cancer tests.

Genetic Technologies said the agreement, through its wholly-owned US subsidiary Phenogen Sciences, was with a regional provider network servicing seven north-western US states, including Montana, Idaho and Washington, that included more than 15,000 health care providers.

The company said that in-network reimbursement payments were more than 25 percent higher than those considered out-of-network, with the time taken to collect the funds also being materially shorter.

Genetic Technologies was unchanged at eight cents.

IDT AUSTRALIA

IDT says that former CSL chief financial officer Graeme Kaufman will replace founder Dr Graeme Blackman as chairman effective from October 1, 2013.

IDT said that Dr Blackman would remain a director (BD: May 22, 2013).

The company said that chief executive officer Dr Paul MacLeman had been appointed to the board as managing director effective from today.

IDT thanked Dr Blackman for his 27 year contribution to the company based on expertise in the Victorian College of Pharmacy (now Monash University’s Faculty of Pharmacy and Pharmaceutical Science) and had grown to a “world-class drug manufacturing business and facility based at Boronia in Eastern Melbourne” along with the addition of the CMax clinical trials business at the Royal Adelaide Hospital.

Mr Kaufman said that Dr Blackman “was one of the early pioneers of the sector in Australia, a true visionary who saw the opportunity afforded by the quality of Australian science and built an impressive drug development and manufacturing operation”.

IDT fell one cent or 2.9 percent to 34 cents.

PROGEN PHARMACEUTICALS

Progen says it has completed a toxicology study of intravenous PG545 and reinstated Dr Keith Dredge as director of drug development.

Progen said the four-week preclinical toxicology study of intravenous administration PG545 would support a clinical trial of the safety and tolerability of PG545 in advanced cancer patients planned for later this year.

The company said that Dr Dredge was previously its director of preclinical drug development before joining the Tetraq contract research organisation based at the University of Queensland in 2012.

Progen said that prior to 2006, Dr Dredge held academic positions at the University of Queensland working on immunotherapy approaches for autoimmunity and cancer and at St George's University of London, UK .

The company said Dr Dredge held a Bachelor of Science degree from Ireland's Athlone Institute of Technology and a Doctorate of Philosophy from the National University of Ireland (Galway).

Progen was untraded at 20 cents.

GI DYNAMICS

GI Dynamics says that 1,307,182 US, equivalent to 6,535,910 Chess depositary interests (CDIs) will be released from ASX mandatory escrow on September 7, 2013.

GI Dynamics said that 4,018,224 options over US stock equivalent to 20,091,120 CDIs and warrants to buy 500,000 US shares, equivalent to 2,500,000 CDIs, would also be released from ASX escrow on September 7, 2013.

A company representative told Biotech Daily that after the release from escrow and quotation on the ASX 396,513,665 CDIs would be available for trading, with no more shares held in escrow.

GI Dynamics was unchanged at 70 cents.