Biotech Daily

Monday February 24, 2014

Daily news on ASX-listed biotechnology companies

*** ASX FLAT, BIOTECH UP: BENITEC UP 16%, CIRCADIAN DOWN 17%**

*** FEDERAL GOVERNMENT $62m FOR HEARING, CANCER CRCS**

*** BENITEC TO RAISE $31.5m**

*** ELI LILLY LAUNCHES ACRUX'S AXIRON IN GERMANY**

*** NHMRC AWARDS ONDEK $920k FOR ALLERGY STUDY**

*** USCOM CLAIMS CENTRAL BP GOLD STANDARD IN CHILDREN**

*** CE MARK FOR ELLEX 2RT FOR EARLY AMD**

*** NANOSONICS H1 REVENUE UP 113% to $11m, LOSS DOWN 42% TO $3.5m**

*** USCOM H1 REVENUE UP 7% to $387k, LOSS DOWN 3% TO $649k**

*** BIODIEM 1-FOR-10 RIGHTS ISSUE FOR $781.5k**

*** ALCHEMIA COO THOMAS LIQUARD REPLACES CEO CHARLES WALKER**

*** GENETIC TECHNOLOGIES REGAINS ALISON MEW, LOSES TOM HOWITT**

MARKET REPORT

The Australian stock market climbed 0.03 percent on Monday February 24, 2014 with the S&P ASX 200 up 1.5 points to 5,440.2 points. Eighteen of the Biotech Daily Top 40 stocks were up, 12 fell, nine traded unchanged and one was untraded.

Benitec was the best, was up 26 cents or 16.35 percent to $1.85 with 3.3 million shares traded. Living Cell climbed eight percent; Oncosil and Prana were up more than seven percent; Acrux and Cellmid were up more than six percent; Patrys and Uscom were up more than five percent; GI Dynamics and Psivida were up more than four percent; Atcor and Genetic Technologies were up more than three percent; Admedus, Neuren, Osprey and Sirtex rose more than two percent; Alchemia was up 1.65 percent; with Bionomics, Cochlear and CSL up by less than one percent.

Circadian led the falls, down 3.5 cents or 16.7 percent to 17.5 cents, with 26,000 shares traded. Medical Developments and Universal Biosensors fell more than nine percent; Anteo and Avita lost more than three percent; Clinuvel, Optiscan, Reva, Starpharma and Tissue Therapies shed more than two percent; with QRX down 1.1 percent.

FEDERAL GOVERNMENT, HEARING CRC, CANCER THERAPEUTICS CRC

The Federal Government has created three new cooperative research centres and provided $62 million to the Cancer and Hearing Cooperative Research Centres.

The Hearing CRC said the Federal Government's five-year $28 million would allow it to continue developing new devices, therapies and service delivery models to improve the prevention, detection and remediation of hearing disorders.

The Hearing CRC said the funds would continue its research into developing insights into the brain's processing of sound-enabling tools to target diagnosis and remediation, as well as next generation hearing aids and cochlear implants with enhanced capabilities and evidence-based guidelines for candidature, fitting and rehabilitation that matched technologies and services to individual patient needs.

The Hearing CRC said that it would develop self-fitting and web-based hearing healthcare delivery models enabling improved access for regional and remote communities.

The Hearing CRC said that the innovations would increase the take-up and use of hearing technology and services, provide hearing healthcare targeted to needs and encourage life-long hearing preservation.

A media release from the Minister for Industry Ian Macfarlane said that the Cancer Therapeutics CRC would receive a further $34 million to build on the drug-discovery engine it had created to discover effective new drugs for major cancers and improve the lives of Australian children with cancer through tailored and personalized treatment.

A media release from Mr Macfarlane said that $186 million would be provided to create three new Cooperative Research Centres and extend four existing CRCs.

The media release said that along with the Hearing and Cancer CRCs the existing Centres to be funded were the Capital Markets CRC which would receive $32.4 million to develop operational technology solutions to enhance the integrity and efficiency of financial and health markets in Australia and globally and the CRC for Sheep Industry Innovation which would receive $15.5 million to enhance sheep wellbeing and productivity, value-based trading of sheep meat and deliver affordable technologies to transform the Australian sheep industry.

Mr Macfarlane's media release said that the three new CRCs were the Rail Manufacturing CRC which would receive $31 million to develop products, technologies and supply chain networks to increase the capability and globally competitive position of the rail industry, the Data to Decisions CRC which would receive $25 million to develop tools to maximize the benefits that Australia's defence and national security sector could extract from big data to reduce national security threats and the Space Environment Management CRC which would receive $19.8 million to monitor, analyze and manage space debris and develop new technologies and strategies to preserve the space environment for the benefit of Australia.

"The benefits of collaboration are well known," Mr Macfarlane said.

"These seven industry-driven CRCs will bring together more than 130 organizations across Australia and internationally, including 60 industry partners and organizations in Asia, Europe and United States," Mr Macfarlane said.

"The CRC Program is a joint effort - since 1991, the Australian Government has committed more than $3.7 billion to CRCs and CRC participants have contributed a further $11.7 billion in cash and in-kind support," Mr Macfarlane said. "Significant funding for long term research projects allows CRCs to tackle ambitious projects.

The media release said that applications for the 17th CRC program selection round would open on March 3 and close on July 3, 2014.

Applicants should go to: http://www.crc.gov.au or contact the CRC Program helpline on +612 6213 7177 or email crc.program@industry.gov.au for more information.

BENITEC BIOPHARMA

Benitec says it expects to raise up to $31.5 million in a private placement to international institutional investors at $1.07 a share.

Benitec said the investors included the US-based RA Capital Management, Perceptive Advisors, Special Situations Funds and Sabby Management, as well as existing institutional and professional investors in Australia.

The company said that it would issue about 29.4 million shares and the investors would receive 13.2 million free attaching options exercisable at $1.26 within five years of issue.

The company said that the issue price was a 5.3 percent discount to the 15-day five-day volume weighted average price to February 21, 2014.

Last week, Benitec rose from 90 cents on February 14 to $1.59 on February 21, 2014.

Benitec chief executive officer Dr Peter French told Biotech Daily that the company "considered the possibility of conducting a shareholder purchase plan in conjunction with this raising but was unable to do so at this time because under ASX rules the company had to wait 12 months between [shareholder purchase plans]".

Last year, Benitec raised $7.9 million in a placement and a further $2.8 million in a share purchase plan at the equivalent of 27.5 cents a share (BD: Jun 6, July 31, 2013).

Today, Benitec said that the funds would be used to accelerate TT-034 as a potential single shot treatment for hepatitis C as well as to advance other programs including lung cancer, age related macular degeneration and hepatitis B programs.

The company said that 14.7 million shares worth $15.7 million and 6.6 million options would be issued on or about February 28, 2014 following receipt of funds and the balance would be subject to shareholder approval at a meeting, expected in early April, 2014.

Benitec said that Maxim Group LLC was the US placement agent with Lodge Corporate as lead manager in Australia.

Benitec was up 26 cents or 16.35 percent to $1.85 with 3.3 million shares traded.

ACRUX

Acrux says that its Axiron testosterone replacement therapy has been launched in Germany for men with hypogonadism or testosterone deficiency.

Acrux said that Germany was the second largest testosterone market outside of the US, after Canada.

Acrux executive chairman Ross Dobinson said that Eli Lilly was "a very capable and committed marketing partner".

Acrux was up 13 cents or 6.1 percent to $2.26 with 3.7 million shares traded.

ONDEK PTY LTD

Ondek says the National Health and Medical Research Council has provided $919,596 for a clinical trial of OND86 for a range of childhood food allergies.

Ondek said the trial would be conducted with clinical partners, Perth's Princess Margaret Hospital for Children's Prof Susan Prescott and Prof Peter Richmond and Melbourne's Royal Children's Hospital's Prof Kate Allen.

The company said it was developing natural and safe immune modulatory products, based on Helicobacter pylori derivative OND86.

Ondek founder Prof Barry Marshall said the company was "delighted to have the backing of our peers in championing this grant and validating the approach we are taking to the management of allergy".

Ondek is a private company.

USCOM

Uscom says a study has concluded that its BP+ central blood pressure diagnostic was the "new hypertension gold standard in children".

Uscom said that the study compared the BP+ with Atcor's Sphygmocor in children and concluded that the BP+ was "at least as accurate as the reference gold standard, but was quick, and easy to use, well tolerated by children and suitable for clinical practice".

Atcor chief financial officer Peter Manley told Biotech Daily that if Uscom was referring to the Sphygmocor as the "reference gold standard" his company made that claim for adults, it made no such claim for the use of the diagnostic in children.

Uscom said that the independent study was authored by hypertension researchers from New Zealand and compared results of central blood pressure measurements using the Uscom BP+ suprasystolic oscillometry with the Sphygmocor radial artery applanation tonometer in 57 healthy children and found excellent agreement between central blood pressure measures by both devices.

The article, entitled 'Validation of Oscillometric Pulse Wave Analysis Measurements in Children' was published in the American Journal of Hypertension and an abstract is available at: http://www.ncbi.nlm.nih.gov/pubmed/24390294.

The article concluded: "Findings from this study suggest that oscillometric [pulse wave analysis] provides valid measures of central blood pressure and arterial wave reflection in children aged eight to10 years".

The discussion section of the article said: "Findings from this study suggest that oscillometric [pulse wave analysis] measurements may be suitable for monitoring [cardiovascular disease] risk in pediatric populations".

"In particular, the oscillometric device appears to be at least as accurate as the gold-standard tonometric device for estimating central blood pressures," the article said.

"The cuff-based device is quick and easy to use, well tolerated by children, and suitable for use in clinical practice," the study said.

The paper said that further studies were warranted that compared pulse wave analysis assessments in children to well-established techniques, including pulse wave velocity and flow-mediated dilation, and determine the respective value of brachial augmentation index versus central augmentation index recordings.

Uscom said that the study stated the tonometric techniques was user dependent, time consuming and challenging, especially when used on young children and the use of a more simple method BP+ would be a useful advancement.

Uscom said that the BP+ measured the blood pressure close to the heart while the Sphygmocor measures the blood pressure in the wrist and estimated the central blood pressure.

The company said that the publication endorsing the BP+ in children followed last week's publication of a review of central blood pressure evidence in adults by Cambridge University and colleagues which found central blood pressure was better than simple cuff blood pressure measurements and that the Uscom BP+ was the equal highest-rated central blood pressure device.

Uscom said that the global blood pressure and hypertension device market was estimated at about $US2 billion and growing at 11.5 percent per year.

Uscom said the BP+ had US Food and Drug Administration clearance and had completed the Conformité Européenne mark process to sell into Europe and the company was negotiating distribution, sales and licencing deals.

Uscom executive chairman Rob Phillips said the study "further endorses the Uscom BP+ as the global leader in [central blood pressure] technology".

Uscom was up one cent or 5.6 percent to 19 cents.

ELLEX MEDICAL LASERS

Ellex says it has been granted Conformité Européenne (CE) mark approval for its retinal rejuvenation therapy 2RT laser treatment for early age-related macular degeneration.
Ellex said that age-related macular degeneration was the leading cause of blindness in the developed world and the chronic eye disease could result in vision loss in the central field of vision, including blurred central vision or a blind spot.
The company said that there were no other approved treatments for the early form of age-related macular degeneration and current treatment options were restricted to targeting the late form of the disease, referred to as wet age-related macular degeneration, which accounted for about 15 percent of patients.
Ellex said the approval was “a significant market opportunity for 2RT”.
Ellex chief executive officer Tom Spurling said his company aimed to treat the disease before complications arose.
“With the CE mMark now in place we will commence our commercial program with a limited roll-out of the 2RT laser to a number of key clinical sites,” Mr Spurling said.
Ellex said that the CE mark would facilitate product sales in Europe, Australia, New Zealand, and countries in South East Asia, the Middle Eastern and South America.
Ellex was unchanged at 39 cents.

NANOSONICS

Nanosonics says that revenue for the six months to December 31, 2013, was up 113 percent to $10,867,000 reducing net loss after tax 42 percent to $3,482,000.
Nanosonics chief executive officer Michael Kavanagh said the company was building significant momentum globally, with strong sales of its Trophon EPR ultra sound probe cleaning system in North America “as a result of the continuing GE Healthcare and GE Ventures sales and marketing investment”.
“Since October 2013 alone, the number of sites adopting Trophon EPR is up 31 percent to 1,286 and includes many of the top 50 US hospitals,” Mr Kavanagh said.
Mr Kavanagh said that each site could represent multiple Trophon EPR units.
Nanosonics said that it had expanded its European infrastructure and the business continued to strengthen with a number of leading UK hospitals installing the Trophon EPR in the last three months.
The company said that a number of German institutes had begun installation and the Trophon EPR was a winner in the Management and Krankenhaus awards, a leading publication for the German healthcare market and similarly in France, awareness was growing about the serious nature of imaging-related healthcare acquired infections.
Nanosonics said that the Trophon EPR had been acquired at more than 452 sites in Australia with “a large market share of the ultrasound probe high level disinfection market”.
“We are also encouraged by developments in Asia,” Mr Kavanagh said.
“In the last half, regulatory approval for South Korea was received … [and regulatory approval for Japan is under review and progressing well,” Mr Kavanagh said.
Nanosonics said that diluted loss per share decreased 42.4 percent from 2.31 cents in the previous year to 1.33 cents for the six months to December 31, 2013.
The company said it had cash and cash equivalents of $21,652,000 at December 31, 2013, compared to $24,064,000 at June 30, 2013.
Nanosonics said that net tangible assets per share fell 8.0 percent to 7.16 cents at December 31, 2013 compared to 7.78 cents at December 31, 2012.
Nanosonics was unchanged at 81 cents.

USCOM

Uscom says that revenue for the six months to December 31, 2013, was up 6.55 percent to $387,119 reducing net loss after tax 3.30 percent to $649,072.
Uscom said that sales revenue increased six percent to $372,000 and the operational results reflected the “focus of preserving funds as it manages BP+ integration costs and prepares for global manufacture and distribution without the benefits of revenue”.
Uscom said that diluted loss per share decreased 18.2 percent from 1.1 cents in the previous year to 0.9 cents for the six months to December 31, 2013.
The company said it had cash and cash equivalents of $761,568 at December 31, 2013, compared to $541,195 at June 30, 2013.
Uscom said that net tangible assets per share fell 25 percent to 1.8 cents at December 31, 2013 compared to 2.4 cents at December 31, 2012.

BIODIEM

Biodiem says it hopes to raise about $781,500 through a one-for-10, non-renounceable rights issue at 5.5 cents a share.
Biodiem said the record date for the offer was February 28, the offer would open on March 3 and would close on March 13, 2014.
The company said that the funds raised would support its partner the Institute of Experimental Medicine as it moved towards commercialization and finalization of the BDM-I antimicrobial and BDM-L liver disease-targeting technology program data packages for sale or outlicense, to complete commercialization and for working capital.
The offer prospectus is at: http://www.biodiem.com/investor-relations/announcements.
Biodiem is a public unlisted company.

ALCHEMIA

Alchemia says chief operations officer Thomas Liquard has replaced Charles Walker as chief executive officer.
Last year, Alchemia appointed Mr Liquard as chief operations officer (BD: Dec 16, 2013).
Mr Walker replaced Dr Pete Smith as chief executive officer earlier in 2103 following the failed bid to list on the Nasdaq (BD: Dec 21, 2012; Jan 29, Feb 18, 2013).
Also last year, Alchemia’s then chairman Dr Mel Bridges retired from the company and was replaced by newly-appointed director and former Avexa chairman Nathan Drona as interim chairman (BD: Mar 22, Jul 15, 2013).
Earlier this month, Alchemia said that Santo Costa was appointed as a non-executive chairman replacing Mr Drona, who continued as a director (BD: Feb 11, 2013).
Today, Alchemia said that Mr Liquard was most recently Pfizer’s senior director, portfolio development lead emerging markets for the established products portfolio and previously was Pfizer’s established products US brands leadership team where he engineered the group’s 505(b)(2) investment strategy, culminating in the $US700 million acquisition of Nextwave Pharmaceuticals and led the Nextwave integration efforts.
The company said that Mr Liquard had responsibility for informing investment decisions on business development opportunities and internal development programs across oncology, central nervous centre and metabolic diseases.
Alchemia said that Mr Liquard held a Bachelor of Science from the University of Southern California and a Master of Business Administration from Columbia Business School.
Alchemia was up one cent or 1.65 percent to 61.5 cents.

GENETIC TECHNOLOGIES

Genetic Technologies says that chief executive officer Alison Mew will return to full-time work on April 1, 2014 and chief financial officer Tom Howitt will resign on March 28, 2014.
Genetic Technologies said that Mr Howitt had worked for the company for “almost 10 years” and until a replacement could be found financial controller Bronwyn Christie would acting chief financial officer and company secretary.
Genetic Technologies was up 0.2 cents or 3.1 percent to 6.7 cents with 1.2 million shares traded.