



Biotech Daily

Friday February 28, 2014

Daily news on ASX-listed biotechnology companies

- * **ASX DOWN, BIOTECH UP: BENITEC UP 15.5%, UNIVERSAL BIO DOWN 5%**
- * **VICTORIA SUPPORTS \$47m FRESENIUS KABI MELBOURNE PLANT**
- * **BENITEC PLACEMENT RAISES \$15.75m, \$15.75m TO GO**
- * **VIRALYTICS RIGHTS ISSUE RAISES \$4m, \$16.9m TO GO**
- * **HEARTWARE REVENUE UP 88% to \$231m, LOSS DOWN 32% TO \$66m**
- * **RESONANCE H1 REVENUE UP 61% to \$1m, LOSS DOWN 67% TO \$148k**
- * **CYCLOPHARM REVENUE UP 11% to \$12m, LOSS DOWN 25% TO \$780k**
- * **ADVANCED SURGICAL H1 REVENUE UP 18% to \$4m, LOSS DOWN 68% TO \$90k**
- * **PHYLOGICA H1 REVENUE UP 467% to \$760k, LOSS DOWN 66% TO \$393k**
- * **PROGEN H1 REVENUE DOWN 25% TO \$1m, LOSS UP 30% TO \$2m**
- * **REGENEUS H1 REVENUE DOWN 10% TO \$782k, LOSS UP 77% TO \$6m**
- * **RHINOMED RECEIVES \$388k FEDERAL R&D TAX REFUND**
- * **CALZADA APPOINTS DAVID WILLIAMS DIRECTOR**
- * **MEDICAL AUSTRALIA APPOINTS EX MEDIVET JEREMY DELK DIRECTOR**
- * **SIMAVITA DIRECTOR TOM HOWITT APPOINTED CFO**

MARKET REPORT

The Australian stock market fell 0.12 percent on Friday February 28, 2014 with the S&P ASX 200 down 6.6 points to 5,404.8 points. Fourteen of the Biotech Daily Top 40 stocks were up, 12 fell, 10 traded unchanged and four were untraded.

Benitec was the best, up 28 cents or 15.5 percent to \$2.09 with 1.5 million shares traded. QRX climbed 8.1 percent; Tissue Therapies rose 7.1 percent; Admedus, Prana and Reva were up three percent or more; Bionomics, Impedimed, Patrys, Prima and Resmed rose more than two percent; with GI Dynamics and Nanosonics up more than one percent.

Universal Biosensors led the falls, down two cents or 5.1 percent to 37 cents with 7.0 million shares traded, followed by Circadian down five percent to 19 cents with 37,500 shares traded. Alchemia and Neuren fell more than four percent; Atcor, Cellmid, Clinuvel, Genetic Technologies, Starpharma and Viralytics lost more than three percent; with Cochlear down 1.7 percent.

VICTORIA GOVERNMENT

The Victoria Government says Fresenius Kabi will establish a \$47 million pharmaceutical manufacturing facility and distribution centre in Derrimut, west of Melbourne.

A Victoria Government media release said that the Bad Hombur, Germany-based Fresenius Kabi plant would create 120 new jobs for Victoria.

A Government spokesman told Biotech Daily that the State Government had provided an undisclosed "modest amount in cash" and had assisted Fresenius Kabi with advice.

The spokesman said the plant was expected to be operational by April 2016.

Victoria Premier Dr Denis Napthine said that the Fresenius Kabi facility would be a boon for the healthcare sector and the Victorian economy as a whole.

"This \$47 million venture will deliver 120 full-time jobs in advanced manufacturing, including positions such as highly qualified manufacturing operators, engineers and quality specialists," Dr Napthine said.

"This new facility represents a significant vote of confidence in Victoria's healthcare industry and the state economy," Dr Napthine said.

"Fresenius Kabi Australia offers a wide range of products and services, including infusion treatments, oncology compounding and generic drugs," Dr Napthine said.

"The company supplies intravenous therapies to Australian hospitals and specialist clinics for use in surgery, emergency departments and intensive care," Dr Napthine said.

"The Victorian Coalition Government is pleased to have utilised our \$55 million Victoria's Technology Plan for the Future - Biotechnology to partner with Fresenius Kabi and establish this cutting-edge facility here in Victoria," Dr Napthine said.

The media release said the facility would focus on intravenous product and oncology delivery.

Victoria's Minister for Technology Gordon Rich-Phillips said the announcement confirmed the state's reputation as a world class hub of innovative pharmaceutical manufacturing.

"Victoria is home to nearly a third of the nation's medical and pharmaceutical companies, including CSL and Sigma Pharmaceuticals and we continue to attract investment and research and development capability from around the world," Mr Rich-Phillips said.

BENITEC BIOPHARMA

Benitec says that the first \$15,748,000 tranche of its \$31,496,000 placement has been completed with the second tranche subject to shareholder approval (BD: Feb 24, 2013).

Benitec chief executive officer Dr Peter French said the placement was "a transformational event for the company as we can now advance our pipeline programs in infectious diseases, cancer, ocular and genetic diseases towards and into the clinic, to prove the value of Benitec's gene silencing technology for a range of human diseases".

Benitec climbed 28 cents or 15.5 percent to \$2.09 with 1.5 million shares traded.

VIRALYTICS

Viralytics says that its one-for-six rights issue at 28 cents a share was fully subscribed raising \$4.1 million.

Viralytics said the first tranche of the placement raised \$6.1 million with a second tranche to raise a further \$16.9 million, subject to shareholder approval.

The company said that pending approvals the total raised of \$27.1 million would be "transformational" and fund the company to the end of 2016, covering the costs of three clinical trials.

Viralytics fell one cent or 3.1 percent to 31.5 cents.

HEARTWARE INTERNATIONAL

Heartware says revenue for the year to December 31, 2013, was up 87.5 percent to \$US207,929,000 (\$A231,357,300) reducing net loss after tax by 32.4 percent to \$US59,311,000 (\$A66,005,200).

Heartware chief executive officer Doug Godshall said the company “experienced strong market adoption of the Heartware ventricular assist system during our first full year of US commercialization, with nearly 1,000 units sold and a total of 96 US customers at the close of the year”.

“We continue to receive enthusiastic support from markets outside of the US, with the addition of 28 international customers in new and existing markets,” Mr Godshall said.

“We are proud to have finished the year with 230 customers worldwide, an increase of nearly 50 percent in 2013,” Mr Godshall said.

The company said that in the three months to December 31, 2013, 524 systems were sold globally, a 52 percent increase from 345 units in the fourth quarter of 2012.

“Our strong commercial growth was complemented by advances made in the clinical development of the Heartware system,” Mr Godshall said. “During 2013, we initiated enrollment in the US for our supplemental cohort study for destination therapy, received approval to commence enrollment in our trial in Japan, and we obtained conditional approval from [the US Food and Drug Administration] for our US thoracotomy trial.”

Mr Godshall said the company was awaiting the first-in-human testing of the next generation MVAD pump and Pal peripherals, expected to precede the 63-patient Conformité Européenne (CE) mark study.

“The acquisition of Circulite, developer of the Synergy circulatory support system, in December 2013, provides an opportunity for us to expand our core business into the partial-support market segment, through the treatment of heart failure patients who are less sick,” Mr Godshall said.

Heartware said that research and development costs were up 22.7 percent to \$US102,483,000 or 49.3 percent of revenue.

The company said that diluted loss per share fell 40.0 percent to \$US3.69 at December 31, 2013 and it had cash and cash equivalents of \$US162,880,000 at December 31, 2013, compared to \$US85,921,000 at December 31, 2012.

Last night on the Nasdaq, Heartware fell \$US3.45 or 3.48 percent to \$US95.55 (\$A106.43) with 680,675 shares traded.

RESONANCE HEALTH

Resonance says that revenue for the six months to December 31, 2013, was up 61 percent to \$1,061,000 reducing net loss after tax 67 percent to \$148,000.

Resonance said it was “moving to profitability and positive cash flow with a lower cash burn forecast for the remainder of the financial year”.

The company said that 27 new Ferriscan sites were setup in the six months to December 31, 2013, including four in Africa, three in China, two in Vietnam and one in Israel and the volume of image analysis services was 35 percent higher than in the corresponding half-year, resulting in an increase in sales revenues to \$1,048,869 for the half-year.

Resonance said that basic loss per share fell 69.2 percent from 0.13 cents in the previous year to 0.04 cents for the six months to December 31, 2013, with net tangible assets per share down 23.8 percent to 0.16 cents.

The company said it had cash and cash equivalents of \$744,634 at December 31, 2013, compared to \$1,092,943 at June 30, 2013.

Resonance fell half a cent or 6.6 percent to 7.1 cents with 6.2 million shares traded.

CYCLOPHARM

Cyclopharm says revenue for the year to December 31, 2013, was up 10.6 percent to \$11,882,134 reducing net loss after tax by 25.3 percent to \$779,954.

Cyclopharm sales volumes and margins from the Technegas business increased over the year “driven by a decline in the Australian dollar exchange rate and expansion of our presence in the Canadian and Asian markets” and said Macquarie University Hospital cyclotron had solid sales, with fluoro-deoxy-glucose doses up 11 percent for the year.

Cyclopharm said that diluted loss per share was up 60.0 percent to 1.35 cents at December 31, 2013 and net tangible assets per share fell 4.5 percent cents to 21 cents. Cyclopharm said it had cash and cash equivalents of \$2,346,556 at December 31, 2013, compared to \$2,043,814 at December 31, 2012.

Cyclopharm was unchanged at 21 cents.

ADVANCED SURGICAL DESIGN & MANUFACTURE

Advanced Surgical says that revenue for the six months to December 31, 2013, was up 18.1 percent to \$4,260,000 reducing net loss after tax 68.1 percent to \$90,000.

Advanced Surgical said it had a portfolio of orthopaedic products and was in a stronger position to increase sales providing “a solid base to continue to invest in the Active Knee Total Knee System to drive sales growth and look for opportunities”.

Advanced Surgical said that diluted loss per share fell 7.1 to 0.52 cents for the six months to December 31, 2013, with net tangible assets per share down 5.5 percent to 9.07 cents.

The company said it had cash and cash equivalents of \$93,000 at December 31, 2013, compared to \$287,000 at June 30, 2013.

Advanced Surgical was untraded at 4.5 cents.

PHYLOGICA

Phylogica says that revenue for the six months to December 31, 2013, was up 467 percent to \$760,000 reducing net loss after tax 66 percent to \$393,000.

Phylogica said that “revenue of \$700,000 from one collaborator is reflected in the reduced loss for the half year”.

Phylogica has an ongoing collaboration with Janssen Biotech for new classes of peptide drug conjugates from its Phylomer platform. (BD: Jan 22, 2012; Jan 31, Jul 1, 2013).

The company said that diluted loss per share fell 61.9 percent to 0.08 cents, with net tangible assets per share down 9.7 percent to 0.65 cents.

Phylogica said it had cash and cash equivalents of \$4,652,066 at December 31, 2013, compared to \$1,806,905 at June 30, 2013.

Phylogica was up 0.1 cents or 3.2 percent to 3.2 cents with two million shares traded.

PROGEN PHARMACEUTICALS

Progen says revenue for the six months to December 31, 2013 was down 25 percent to \$1,354,906 with a net loss after tax up 30 percent to \$1,962,310.

Progen said that its subsidiary Pharmasynth had revenue down 5.5 percent to \$1,234,906, due mainly to the reduced value of manufacturing contracts.

Progen said net tangible assets per share fell 16.5 percent to 14.02 cents and diluted loss per share fell 41.9 percent from 6.11 cents to 3.55 cents, with cash and cash equivalents of \$2,335,924 at December 31, 2013 compared to \$1,447,774 at June 30, 2013.

Progen fell four cents or eight percent to 46 cents.

REGENEUS

Regeneus says revenue for the six months to December 31, 2013 was down 10 percent to \$782,000 with a net loss after tax up 77 percent to \$6,364,000.

Regeneus said that the revenue decrease was caused by its "sales mix and cancellation of a licence fee contract" while expenses increased including research and development, employment options and initial public offer costs.

Regeneus said its diluted loss per share was constant at 4.0 cents.

The company said it had cash and cash equivalents of \$6,643,611 at December 31, 2013 compared to \$410,658 at June 30, 2013.

Regeneus was up one cent or 2.1 percent to 49.5 cents.

RHINOMED

Rhinomed says it has received \$388,000 from the Australian Tax Office under the Federal Government Research and Development Tax Incentive program.

Rhinomed said the rebate related to research and development expenditure on its Breatheassist technology for the year to June 30, 2013

Rhinomed was up 0.1 cents or 2.3 percent to 4.4 cents with 1.3 million shares traded.

CALZADA

Calzada has appointed Kidder Williams managing director David Williams as a non-executive director with immediate effect.

Calzada said that Mr Williams was a company director and investment banker with 30 years experience in business development and strategy, mergers and acquisitions and capital raising.

Mr Williams advised Bega Cheese in its recent takeover bid for Warrnambool Cheese and Butter in which Bega earned a \$70 million profit when Canada's Saputo acquired the Warrnambool company.

Calzada said that Mr Williams was currently the chairman of Medical Developments International, a director of IDT Australia and previously was the chairman of Tassal Group and a director of Amcal and Select Harvests and was previously the managing director of Challenger Corporate Finance, the head of mergers and acquisitions at Société Générale, ANZ McCaughan and Arthur Andersen & Co.

Mr Williams holds a Bachelor of Economics and a Masters of Economics from Latrobe University.

Calzada was up 0.4 cents or 4.6 percent to 9.1 cents.

MEDICAL AUSTRALIA

Medical Australia has appointed former Medivet chief executive officer Jeremy Delk as a director.

Last year, Medical Australia acquired Medivet (BD: Dec 10, 2013; Feb 13, 2014).

The company said that Mr Delk was "responsible for the strategic vision of Medivet and has overseen the operations of that company since its formation in 2010".

Medical Australia said that Mr Delk had been a successful entrepreneur since early 2000s focusing on innovative products, technologies and unexploited market niches.

Medical Australia said that Mr Delk held a Bachelor of Science in business management and was a member of the Thoroughbred Club of America.

Medical Australia was untraded at 30 cents.

SIMAVITA

Simavita says its director and Genetic Technologies chief financial officer Tom Howitt, will resign as a director on April 14, 2014 and be appointed chief financial officer.

Simavita said that Mr Howitt would retain his position as company secretary.

The company said Mr Howitt was a director of Simavita when it was previously known as Gtech International Resources a subsidiary of Genetic Technologies, for nearly 10 years and played a key role in the acquisition by Simavita in 2013 (BD: Dec 12, 2013).

Simavita said that Mr Howitt had more than 20 years experience as a chief financial officer and company secretary for a number of public companies and previously worked as a taxation consultant for Ernst & Young and in the investment banking industry.

Simavita said that chief financial officer Colin Christie would leave the company.

Simavita was up 11 cents or 12.9 percent to 96 cents.