



Biotech Daily

Monday March 3, 2014

Daily news on ASX-listed biotechnology companies

- * FEBRUARY BDI-40 DOWN 1%, ASX200 UP 4%, BIG CAPS UP 0.5% - BENITEC UP 128%
- * TODAY: ASX, BIOTECH DOWN: ANTEO UP 12.5%, PHOSPHAGENICS DOWN 10%
- * CORRECTION: VICTORIA GOVERNMENT
- * OPTISCAN 2nd GENERATION ENDOMICROSCOPE IN SYDNEY GUT TRIAL
- * WEHI JOINS ASIA PACIFIC MALARIA ELIMINATION NETWORK
- * GI DYNAMICS REVENUE UP 238% TO \$2.5m, LOSS UP 33% TO \$40m
- * PHOSPHAGENICS REVENUE DOWN 19% TO \$2m, LOSS UP 21% TO \$13m
- * AVITA H1 REVENUE DOWN 3% TO \$2m, LOSS DOWN 16% TO \$3m
- * OPTISCAN H1 REVENUE DOWN 96% TO \$41k, PROFIT TO \$1m LOSS
- * PHARMAUST H1 REVENUE UP 11% TO \$1m, LOSS UP 98% TO \$640k
- * OBJ H1 REVENUE UP 587% to \$728k, LOSS DOWN 9% TO \$918
- * USCOM APPOINTS SMT MEDICAL GERMAN DISTRIBUTOR
- * NUSEP, PRIME BORROW \$1.4m
- * INVION RELEASES 77m ESCROW SHARES
- * CYNATA DIRECTOR HOWARD DIGBY GOES NON-EXECUTIVE
- * QUEENSLAND OFFERS \$4.25m IN RESEARCH PARTNERSHIP GRANTS
- * PHOSPHAGENICS SPILL: LAWRENCE GOZLAN, NATHAN DRONA, DR CAUWENBERGH
- * BIO-MELBOURNE HOSTS ANIMAL v HUMAN HEALTH DEBATE

MARKET REPORT

The Australian stock market fell 0.38 percent on Monday March 3, 2014 with the S&P ASX 200 down 20.5 points to 5,384.3 points. Thirteen of the Biotech Daily Top 40 stocks were up, 15 fell and 12 were unchanged.

Anteo was the best, up two cents or 12.5 percent to 18 cents with 9.95 million shares traded; IDT climbed 12.1 percent; Tissue Therapies was up 11.7 percent; Pharmaxis was up 9.1 percent; Medical Developments and Neuren were up four percent or more; with Cellmid, Clinuvel, Genetic Technologies, Living Cell, Oncosil and Optiscan up more than three percent.

Phosphagenics led the falls, down 1.1 cents or 10 percent to 9.9 cents with 4.3 million shares traded; Compumedics lost 7.9 percent; QRX was down 6.45 percent; Ellex fell five percent; Prana fell 4.35 percent; with Alchemia down 3.4 percent.

BIOTECH DAILY TOP 40 INDEX (BDI-40)

Despite strong gains by Prana and Benitec for two months in a row, a plethora of small falls dragged the Biotech Daily Top-40 Index (BDI-40) down 0.8 percent in February.

The S&P ASX200 was up 4.1 percent in February, with the three Big Caps of Cochlear, CSL and Resmed (which are not included in the BDI-40) up a collective 0.5 percent.

For the year to February 28, 2014, the ASX200 climbed 5.9 percent, the Big Caps were up 10.65 percent and the BDI-40, adjusted for the Heartware and Sunshine Heart departures, was up 18.8 percent.

In February, CSL was up 1.5 percent to \$34,813 million, Cochlear rose 4.0 percent to \$3,325 million with Resmed down 4.3 percent to \$6,796 million. Thirteen of the BDI-40 companies were up, with 22 companies down and five unchanged.

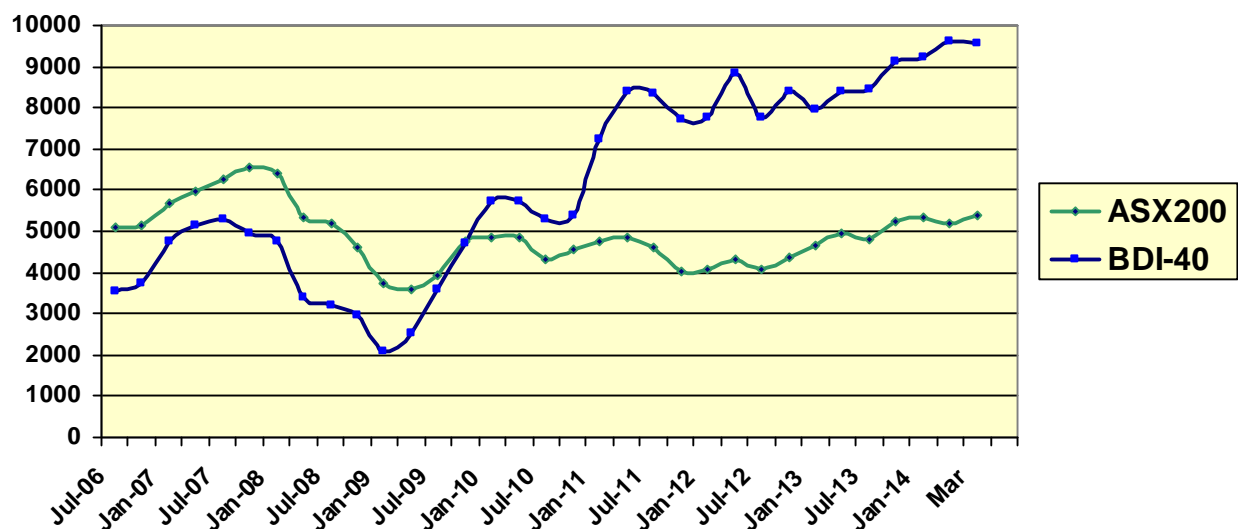
Benitec was the best, up \$87 million or 127.9 percent to a market capitalization of \$155 million, with Sirtex breaking through \$800 million, up \$57 million or 7.3 percent to \$837 million and Prana consolidating its climb from just \$72 million 12 months ago, up a further 7.7 percent in February to \$518 million.

Uscom climbed \$4 million or 36.4 percent to \$15 million, followed by Viralytics up 29.6 percent to \$35 million, Clinuvel (28.3%), Antisense (21.05%), Medical Developments (14.3%), Genetic Technologies (8.3%), Prana (7.7%) and Sirtex (7.3%).

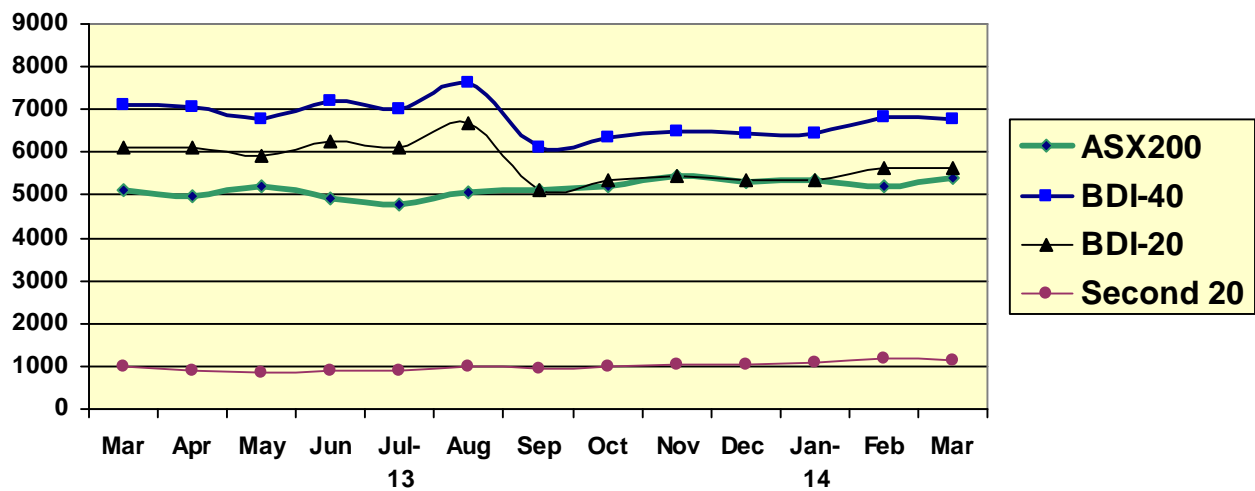
Reva led the February falls, down 22.2 percent to \$112 million, followed by Universal Biosensors (21.8%), IDT (15.7%), Pharmaxis (15.0%), GI Dynamics (14.6%), Nanosonics (13.4%), Anteo (11.6%), Psivida (11.25%), Starpharma (10.8%) and Acrux (10.5%).

Outside the BDI-40, Phylogica continued its recovery, up 34.8 percent to \$31 million, Mayne was up 30.6 percent to \$534 million and Simavita up 66.7 percent to \$50 million. On the Nasdaq, Biota was up 60.5 percent to \$260 million, Heartware fell 2.6 percent to \$1,816 million and Sunshine Heart lost 15.2 percent to \$162 million.

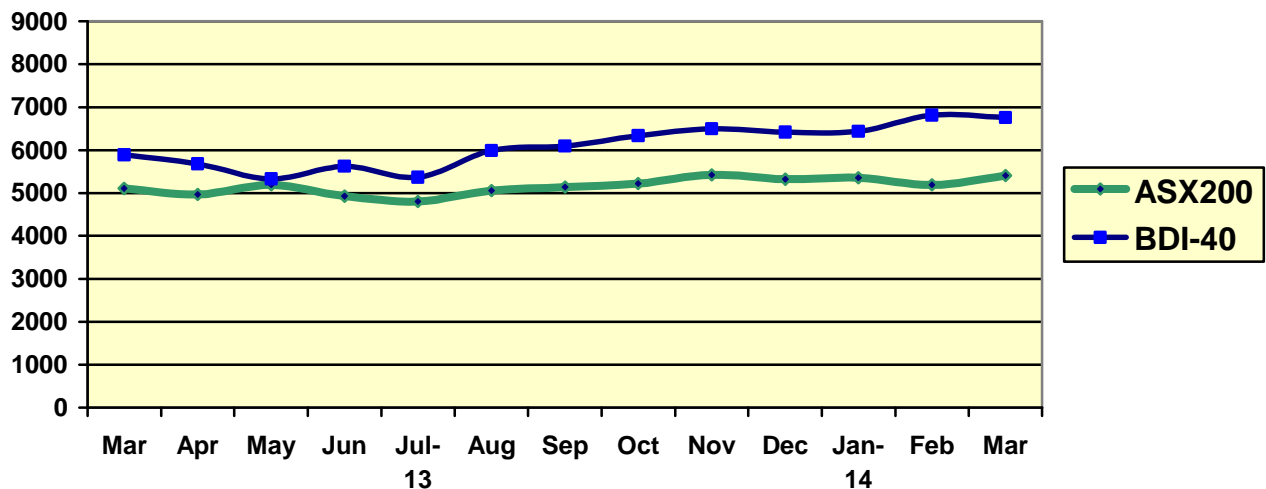
BDI-40 v ASX200 Jun 30, 2006 to Feb 28, 2014 - Adjusted



BDI-40 (\$m) v S&P ASX 200 – Feb 28, 2013- Feb 28, 2014



BDI-40 (\$m) v S&P ASX 200 – Feb 28, 2013- Feb 28, 2014 – Adjusted for Heartware



VICTORIA GOVERNMENT

On Friday, Biotech Daily incorrectly reported the Victoria Government providing a “modest amount in cash” to the \$47 million Fresenius Kabi facility (BD: Feb 28, 2014).

A Government spokesperson has told Biotech Daily that the manufacturing and distribution centre in Derrimut, west of Melbourne, would receive a “modest amount in funding”.

Biotech Daily apologizes for error which was made by a sub-editor who has sought new opportunities at the Frankston and District Liberal Free Press.

OPTISCAN

Optiscan says a study using its endo-microscopes is underway by gastroenterologists and scientists from Sydney's Garvan Institute and Sydney's St Vincent's Hospital.

Optiscan said that the study, in affiliation with the University of New South Wales, marked the introduction of its second generation endomicroscopy platform in gastroenterology.

The company said that the study would apply the new features of the second generation microscope in the study of events relating to the permeability, or leakiness, of the gut lining and how it was altered by inflammatory diseases.

St Vincent's Hospital specialist Dr Mark Danta said that endomicroscopy had been used extensively in observations of cellular details of inflammation and gut permeability, showing "events otherwise impossible to observe in our patients during endoscopy".

"We think this new system will greatly enhance these observations and enable us to develop new diagnostic paradigms and treatment strategies," Dr Danta said.

The company said that Australian Research Council, the Cancer Institute of New South Wales and the University of New South Wales funded the incorporation of its technology into an advanced high definition Olympus endoscope.

Optiscan director of technology Peter Delaney said that the features in the new system were "an absolute powerhouse of endoscopic imaging technologies and procedural efficiencies".

"Nothing like this has been possible before," Mr Delaney said.

Optiscan said that patient recruitment in the study was "a key milestone in the company's strategy to advance its second generation platform into key commercially viable markets".

Optiscan was up 0.2 cents or 3.3 percent to 6.2 cents.

THE WALTER AND ELIZA HALL INSTITUTE FOR MEDICAL RESEARCH

The Walter and Eliza Hall Institute says it has joined the Asia Pacific Malaria Elimination Network to develop and implement tools to aid its programs.

WEHI the Network was an international collaboration working towards eliminating malaria in the Asia-Pacific region, composed of 15 country partners, as well as regional partners from the academic, development, non-governmental and private sectors and global agencies, including the World Health Organization.

WEHI said that the network was bringing attention and support to the under-appreciated work of malaria elimination in Asia-Pacific, with a particular focus on *Plasmodium vivax*.

WEHI laboratory head Prof Ivo Mueller said that the Institute would develop and implement tools to aid malaria elimination programs throughout the Asia-Pacific.

"At the institute, we are already working on innovative tools for measuring and tracking malaria transmission and infections," Prof Mueller said. "The network is a formal step towards working with countries to meet their requirements, as well as informing our future research and translation of our research to help eliminate malaria in the region."

WEHI said that *Plasmodium vivax* had been considered a benign form of malaria, but studies showed that it was a significant cause of disease in the Asia-Pacific.

Prof Mueller said the Institute was working with the Network on the evaluation of malaria treatment protocols in the Solomon Islands and Vanuatu, to help inform future elimination programs.

"*Plasmodium vivax* is the most common species of human malaria, and a major cause of clinical cases of malaria outside of Africa," Prof Mueller said.

WEHI said that malaria was caused by *Plasmodium* parasites, transmitted through the bite of an infected mosquito and there were more than 200 million cases of malaria worldwide each year, with about 627,000 deaths from malaria, mostly among African children.

GI DYNAMICS

GI Dynamics says that revenue for the year to December 31, 2013, was up 238 percent to \$US2,255,000 (\$A2,534,400) with net loss after tax up 33 percent to \$US35,578,000.

GI Dynamics said the increase in revenue was due to a 195 percent increase in sales revenue from Europe, a 75 percent increase in sales revenue from South America and revenue from first sales in Australia and Israel.

The company said it increased expenditure on research and development by 28 percent to \$US14.7 million primarily from increases in clinical expenses for its US pivotal trial.

The company said that net tangible assets per Chess depositary interests (CDIs) increased 6.7 percent to 0.16 Australian cents, with diluted loss per common share up 12.8 percent to 53 US cents.

GI Dynamics said that it had cash and cash equivalents of \$US58,616,000 at December 31, 2013 compared to \$US41,481,000 at December 31, 2012.

GI Dynamics fell 1.5 cents or 2.1 percent to 68.5 cents.

PHOSPHAGENICS

Phosphagenics says revenue for the 12 months to December 31, 2013 fell 19 percent to \$2,158,000, with a net loss after tax up 21 percent to \$12,673,000.

Phosphagenics said that Elixia cosmetics sales revenue increased seven percent, but was lower than expectations due to several factors, including the impact of the dismissal of the former chief executive officer Dr Esra Ogru, and interest income revenue fell.

Last year, Dr Ogru and others were found to have stolen about \$6 million from the company (BD: Jul 1, 24, Aug 5, 2013).

Today, Phosphagenics said that \$1.3 million was expected to be received in March 2014, "contingent on the settlement of a property sold by Esra Ogru and her husband".

Phosphagenics said that third party research and development expenses increased 100 percent to \$3.8 million "reflecting the greater number of clinical trials undertaken in 2013".

Phosphagenics said that net tangible asset per share fell 34.8 percent to 1.5 cents at December 31, 2013 compared to 2.3 cents in the previous period, with diluted loss per share up 20.4 percent to 1.24 cents compared with 1.03 cents in the previous period.

Phosphagenics said it had cash and equivalents of \$8,823,000 at December 31, 2013 compared to \$16,912,000 at December 31, 2012.

Phosphagenics fell 1.1 cents or 10 percent to 9.9 cents with 4.4 million shares traded.

AVITA MEDICAL

Avita says revenue for the six months to December 31, 2013 fell 3.2 percent to \$1,793,541 with net loss after tax reduced 15.6 percent to \$3,212,913.

Avita said that Recell sales increased by 11 percent for the six months to December 31, 2013 compared to the previous corresponding period, but said revenue increased 1.3 percent to \$1,370,076, with sales up in the UK, Australia and Germany, but a fall in sales in France and Italy.

"Avita's new sales leadership in the [European Union] is forensically evaluating the strategies in both France and Italy to increase future sales," Avita said.

The company said its net tangible assets per share fell 51.1 percent to 2.2 cents and diluted loss per share fell 30.6 percent to 1.02 cents.

Avita said it had cash and cash equivalents of \$6,760,349 at December 31, 2013 compared to \$10,616,849 at June 30, 2013.

Avita was unchanged at 12.5 cents.

OPTISCAN

Optiscan says its revenue for the six months to December 31, 2013 fell 96 percent to \$41,271 taking the previous \$136,344 net profit after tax to a loss of \$1,220,905.

Optiscan said the movement was "largely attributable to lumpy income flows, all of which fell into the previous reporting period".

The company said that in the previous corresponding half year, it received a one-off order for the first preproduction systems for Zeiss, accounting for sales revenue of more than \$900,000, a development milestone of \$389,995 and \$614,000 from the Federal Government Research and Development Tax Incentive.

Optiscan said that expenses were kept to a minimum with an overall reduction of 24 percent, mainly in financing costs and administration expenses.

Optiscan said that its net tangible asset backing per share fell from 0.6 cents to 0.0 cents, was up 3.4 percent from 2.9 cents at December 31, 2012 to 3.0 cents at December 31, 2013.

The company said that said that diluted loss per share was 0.750 cents compared to the previous corresponding period's diluted earnings per share of 0.088 cents.

Optiscan said it held cash and cash equivalents of \$335,820 at December 31, 2013 compared to \$753,071 at December 31, 2012.

PHARMAUST

Pharmaust says that revenue for the six months to December 31, 2013, was up 11 percent to \$1,081,000 with net loss after tax up 98 percent to \$640,000.

Pharmaust earns revenue through its wholly-owned subsidiary Epichem, which provides synthetic and medicinal chemistry services.

Last year, Pharmaust acquired Pitney Pharmaceuticals for its three cancer therapeutics (BD: Jul 23, 2013).

Pharmaust said that diluted loss per share fell 16.7 percent to 0.05 cents for the six months to December 31, 2013.

The company said it had cash and cash equivalents of \$2,702,239 at December 31, 2013, compared to \$362,874 at June 30, 2013.

Pharmaust said that net tangible assets per share was up 368.3 percent to 0.227 cents at December 31, 2013 compared to 0.006 cents at December 31, 2012.

Pharmaust was unchanged at 1.6 cents with 5.5 million shares traded.

OBJ

OBJ says that revenue for the six months to December 31, 2013, was up 587 percent to \$728,000 reducing net loss after tax nine percent to \$918,000.

OBJ said it had partnerships with Proctor and Gamble, Coty and Glaxosmithkline with receipts from customers up 1,6015.2 percent to \$649,505 for the six months to Dcember 31, 2013 from \$38,172 in the previous year.

The company said that diluted loss per share fell 22.2 percent from 0.095 cents in the previous year to 0.07 cents for the six months to December 31, 2013, with net tangible assets per share up 50 percent to 0.3 cents.

OBJ said it had cash and cash equivalents of \$4,983,482 at December 31, 2013, compared to \$3,432,804 at June 30, 2013.

OBJ was up 1.1 cents or 29.7 percent to 4.8 cents with 55.5 million shares traded.

USCOM

Uscom says it has appointed the Würzburg, Germany-based SMT Medical GmbH as a distributor of its ultra-sonic cardiac output monitor the Uscom 1A in Germany.

Uscom said that SMT Medical was “a master distributor into the German market” specializing in cardiovascular products for clinical and research applications and public health programs.

The company said that SMT had several product specialists with experience in cardiovascular applications and sales of Doppler ultrasound devices.

Uscom said that the three-year contract was “a best endeavors” commitment to generate \$2.7 million in revenue over the three years.

The company said that the German medical device market was the third biggest in the world with about 500,000 beds and 2,000 hospitals serving a population of 82 million people and was one of the most sophisticated and wealthy supported by a total healthcare spend of 12 percent of GDP.

Uscom was unchanged at 20 cents.

NUSEP

Nusep says it has a loan facility for \$500,000 and subsidiary Prime Biologics Pte Ltd has loan facility for \$825,000 and \$S120,000 (\$A106,260).

Nusep said that the Prime loans came from a consortium including former Nusep and ongoing Prime directors John Manus and Dr Hari Nair, with two unrelated lenders.

The company said that the term was for up to 12 months with an interest rate of 10 percent a year and the loan was for working capital secured through a mortgage over plant and equipment.

Nusep said that the loan facility included the issue of one percent of shares in Prime for every \$S1,000,000 advanced, subject to the approval of Nusep shareholders, if required, and if Nusep was subject to a takeover then amounts outstanding would be converted into shares at 85 percent of the 20-day five-day volume weighted average price.

The company said it expected the loan to be re-paid with funds from the first tranche of an expected investment by Xeraya Capital Labuan.

Nusep said the \$500,000 was provided by director Andrew Goodall and was for a fixed term to January 16, 2016 with an interest rate of 14 percent a year for working capital.

The company said that subject to shareholder approval, 750,000 unlisted options would be issued to Mr Goodall exercisable at 11.2 cents by January 20, 2016.

Nusep fell 0.2 cents or 3.1 percent to 6.2 cents.

INVION

Invion says it has released 76,607,225 shares from escrow and has a total of 555,845,286 shares available for trading.

Invion was up 0.2 cents or 2.6 percent to 7.9 cents.

CYNATA THERAPEUTICS

Cynata says that executive director Howard Digby reverted to a non-executive role from March 1, 2014.

Cynata said that Mr Digby had been an executive director of Cynata, formerly known as Eco Quest since September 2012.

Cynata was up one cent or 2.9 percent to 35 cents.

QUEENSLAND GOVERNMENT

The Queensland Government says that it will provide \$4.25 million in the Accelerate Partnerships funding program with applications open for up to \$500,000 per grant.

The Government said that the program was open to researchers, scientists and commercial partners and would support projects that delivered benefits through innovative products, technologies or processes that would have application within five years.

The Government said that the projects could range from the development of innovative business products and technologies, to the treatment of illnesses, or the development of construction technologies resilient to extreme weather events.

The Queensland Government said that the projects must involve collaborations with other research organizations, and particularly with the end-users of the research.

Applications close at on April 14, 2014.

To apply go to: www.business.qld.gov.au/science/grants/accelerate-partnerships.

PHOSPHAGENICS

Phosphagenics has replaced directors Jonathan Addison Stuart James, Sandra Webb, Don Clarke with Lawrence Gozlan, Nathan Drona and Dr Geert Cauwenbergh.

Phosphagenics said that Mr Gozlan would be interim chairman, replacing Mr Addison.

Last week, Mr Gozlan was appointed a director of Oncosil and is also a director of Prana and Ausbiotech (BD: Feb 27, 2014).

Mr Drona was formerly the chairman of Avexa and Alchemia and continues as a director of Alchemia (BD: Mar 22, 2013).

Phosphagenics said Dr Cauwenbergh began his career with Janssen Research Foundation Belgium, was promoted to Johnson & Johnson's US head of product development and was later head of research and development for consumer companies. Phosphagenics said Dr Cauwenbergh founded Barrier Therapeutics in 2001, developing drugs to treat skin diseases and acquired by Stiefel Laboratories in 2008.

The company said that that Dr Cauwenbergh was currently the chief executive officer of RXI Pharmaceuticals.

BIO-MELBOURNE NETWORK

Bio-Melbourne Network says its March 6, 2013 Bio-Briefing will host a debate between human health experts and "companion animal health" developers.

Bio-Melbourne Network chief executive officer Michelle Gallaher said there had been "a growing interest in animal health products particularly from US investors".

"This debate will highlight the reasons behind this and explore other market drivers that make animal biotech companies a real consideration for investors," Ms Gallaher said.

The Network said that the debate would be moderated by Gorgi Coghlan, with participants including Nexvet director Dr Paul Wood, Mandie Consulting managing director Natasha Mandie, Greencross Vets founder Dr Stephen Cole, former Cellectis chief executive officer Dr Tony Radford, Brandon Capital Partners managing director Dr Chris Nave and Sienna Cancer Diagnostics chief executive officer Dr Kerry Hegarty.

The Bio-Melbourne Network said that the Bio-Briefing would be held at the Shell Conference Centre, 1 Spring Street, Melbourne, on March 6, 2013.

Registration is from 4:30pm, with the debate to be held from 5pm to 6pm, followed by networking drinks.

For more information and to book go to: <http://www.biomelbourne.org/events/view/312>.

BIOTECH DAILY'S TOP 40 WITH MARKET CAPITALIZATION

Company \$Am	Mar-13	Feb-14	Mar-14
Cochlear	4,040	3,292	3,325
CSL	29,892	34,306	34,813
Resmed	6,676	7,103	6,796
BDI-20			
Acrux	674	391	350
Alchemia	91	191	201
Admedus	33	207	207
Benitec	14	68	155
Bionomics	150	300	292
Clinuvel	84	46	59
Impedimed	17	40	42
Mesoblast	1,900	1,863	1,847
Nanosonics	131	239	207
Neuren	46	152	146
Osprey	50	82	80
Pharmaxis	171	40	34
Prana	72	481	518
Prima	123	59	57
Psivida	43	151	134
Reva	194	144	112
Sirtex	608	780	837
Starpharma	316	223	199
Tissue Therapies	47	76	74
Universal Biosensors	141	87	68
Second 20			
Anteo	50	147	130
Antisense	17	19	23
Atcor	15	22	22
Avita	41	44	41
Cellmid	17	23	24
Circadian	13	10	10
Compumedics	12	13	13
Ellex	18	47	43
Genetic Technologies	41	36	39
GI Dynamics	224	328	280
IDT	11	30	25
Living Cell	17	30	29
Medical Developments	119	63	72
Oncosil	3	47	45
Optiscan	19	10	10
Patrys	20	30	28
Phosphagenics	153	117	112
QRX Pharma	145	138	141
Uscom	12	11	15
Viralytics	26	27	35

* Biotech Daily editor, David Langsam, owns shares in Acrux, Alchemia, Allied Health, Benitec, Biota, Mesoblast, Nanosonics, Neuren and non-biotechnology stocks. Through Australian Ethical Superannuation he has an indirect interest in Acrux, Alchemia, Atcor, Avita, Circadian, Cochlear, CSL, Ellex, IDT, Neuren, Pharmaxis, Prana, Resmed, Sirtex and Universal Biosensors. These holdings are liable to change.

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