



Biotech Daily

Monday June 30, 2014

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH DOWN: COMPUMEDICS UP 12%, CIRCADIAN DOWN 10%**
- * **AUSTRALIA NO 4 IN BIOTECH INNOVATION – SCIENTIFIC AMERICAN**
 - **JOHN BRUMBY, MICHELLE GALLAHER COMMENT**
- * **GENERA TO MERGE WITH LARGER DIAGNOSTICS BUSINESS**
- * **REGENEUS BEGINS US KVAX DOG CANCER VACCINE MARKET TRIAL**
- * **SCIGEN SELLS INDIA PLANT TO ANGLO GULF FOR \$7m**

MARKET REPORT

The Australian stock market fell 0.91 percent on Monday June 30, 2014 with the S&P ASX 200 down 49.4 points to 5,395.7 points.

Eleven of the Biotech Daily Top 40 stocks were up, 21 fell, seven traded unchanged and one was untraded. All three Big Caps fell.

Compumedics was the best, up 1.5 cents or 11.5 percent to 14.5 cents with 10,000 shares traded.

Biotron and IDT climbed five percent or more; Clinuvel and Pharmaxis were up more than three percent; Anteo rose 2.7 percent; with Medical Developments, Nanosonics, Neuren Starpharma and Tissue Therapies up by more than one percent.

Circadian led the falls, down two cents or 9.5 percent to 19 cents with 39,933 shares traded, followed by Optiscan down 9.4 percent to 2.9 cents with 1.2 million shares traded and Avita down 9.1 percent to 10 cents with 156,988 shares traded.

Antisense lost 6.7 percent; Alchemia, Analytica, Bionomics, Oncosil and Uscom fell more than four percent; Cellmid, GI Dynamics, Phosphagenics and Psivida were down more than three percent; Genetic Technologies, Mesoblast, Prima and Universal Biosensors shed more than two percent; Atcor, Benitec, Cochlear and Viralytics were down more than one percent; with CSL, Resmed and Sirtex down by less than one percent.

SCIENTIFIC AMERICAN

Scientific American has upgraded Australia from seventh to fourth most innovative biotechnology country in the world.

In the publication 'Scientific American Worldview – A Global Biotechnology Perspective' the editors said that the US held the top spot, followed by Denmark, Singapore, Australia, Sweden, Switzerland, Finland, New Zealand, the UK, Luxembourg and Canada.

Scientific American rated countries on productivity, intellectual property protection, enterprise support, intensity, workforce education, foundations, and policy and stability.

"The competition to lead the world in biotech innovation potential grows fiercer over time," Scientific American said. "But no nation climbs this scorecard without effort."

"The broad range of components and categories demand intensive efforts and diverse investments of time, money and mental capital," Scientific American said.

"Where will your country invest to improve its position?" Scientific American asked.

Since the 1990s, the State Governments of Victoria and Queensland have invested heavily in biotechnology, with former Victoria Premier and Treasurer John Brumby saying he wanted Melbourne to be one of the top five biotechnology cities in the world.

Mr Brumby told Biotech Daily that the Scientific American article vindicated the work of his Government and the previous Labor Government of Steve Bracks.

"We provided a clear framework for the growth of biotech and medical research including funding for the Australian Synchrotron, Bio 21, the Victorian Comprehensive Cancer Centre, the expansions at the Walter and Eliza Hall Institute and Burnet Institute, the new Florey Institute of Neuroscience, the Centre for Regenerative Medicine at Monash and the new Agbiosciences Research Facility at La Trobe University," Mr Brumby said.

"We also led the way in national debate on issues such as stem cell research," Mr Brumby said. "We supported our best scientists by establishing Veski [Victoria Endowment for Science Knowledge and Innovation] and helped our best researchers by funding half the new supercomputer at Melbourne University."

"Our aim was always to have Melbourne recognized as one of the top five centres for biotechnology and having Australia improve from seven to four in the innovation rankings is clear evidence that investment in education, research and development and the commercialization of innovation pays off," Mr Brumby said.

"It is critical that having achieved this status that State and Federal Governments continue to invest in research and development and commercialization," Mr Brumby said.

Bio-Melbourne Network chief executive officer Michelle Gallaher told Biotech Daily the ranking "was the highlight of BIO 2014 in San Diego last week".

"I had really hoped to see Australia improve its ranking from seventh place last year and to finally crack the top five biotech countries in the world is such a wonderful achievement and vote of confidence in Australian biotechnology," Ms Gallaher said.

"Yet while the Australian biotech industry is achieving and delivering on the promise, recognized by global peers, the Federal Government removes the Innovation Investment Fund and Commercialisation Australia, effectively preventing Australian biotech from its continued advancement up the world rankings and thus reducing the value of our medical research sector as well," Ms Gallaher said.

"For Australia to continue its success the Federal Government must reconsider its investment strategy in a major commercialization scheme for biotech, particularly in light of the expected boom in medical research funding via the \$20 billion Medical Research Future Fund," Ms Gallaher said.

"The window of opportunity for the Government to ensure biotech and medical research to hold our top five position is in weeks and months, not years," Ms Gallaher said. "Australia can't afford to lose this position of strength."

GENERA BIOSYSTEMS

Genera says it intends to merge with a larger molecular diagnostics business with “a highly compatible platform technology” achieving commercial success.

Genera did not say whether the merger would lead to a back-door listing for the larger molecular diagnostics business, changes to Genera's ASX listing or other alternatives. A spokesman for Genera told Biotech Daily that he was not able to discuss the merger beyond what had been stated in the media release to the ASX.

Genera said that the partner company had key strategic relationships that could be leveraged, creating substantial revenue opportunities for the combined group, including major pharmaceutical companies, US pathology customers and in-vitro diagnostics companies.

The company said that commercial negotiations and mutual due diligence investigations were substantially advanced, with both parties moving to finalize commercial terms.

Genera executive chairman Lou Panaccio said the company review “has resulted in the identification of a merger partner which shares our excitement for Genera's technology and potential”.

“The proposed transaction is intended to deliver a more global reach for Genera's current and future product pipeline, particularly in the US market, driving substantial revenue opportunities in the short and medium term,” Mr Panaccio said.

Mr Panaccio said the merger would be structured to maximize value continuing shareholders, while providing liquidity to any shareholders wishing to exit.

He said the merger would provide the “intermediate step before a significant partnering deal with ... [an in-vitro diagnostics] company or an eventual exit via a trade sale”

Mr Panaccio said that combined medical diagnostic product menu and the development pipeline of both Genera and the proposed partner company was “compelling for pathology customers”.

Genera said that the reconstituted board of the merged entity would include two representatives from the current Genera board.

The company said it expected to complete a merger agreement in about six weeks.

Genera was up half a cent or 1.5 percent to 34 cents.

REGENEUS

Regeneus says it will conduct a marketing trial of its autologous canine therapeutic cancer vaccine Kvac with a US veterinary health care services group.

Regeneus veterinary business unit head Dr Duncan Thomson said the trial would provide “important efficacy data in a single defined tumor type and increase awareness of the new cancer treatment with vets and dog owners in the US”.

Regeneus said that in 2013 the US Center for Veterinary Biologics approved the US commercialization of Kvac and in April 2014, the company signed Hennessy Research to manufacture the vaccine for the US market (BD: Nov 14, 2013; Apr 4, 2014).

The company said that Kvac used the removal of a small amount of tumor or biopsy from the dog as source material to produce a personalized cancer treatment, with the vaccine stimulating the dog's immune system to see the cancer cells as foreign and prevent further growth of the tumor and the development of new tumors.

The company said that positive safety and early efficacy data was published in February 2014 by Cancer Immunology Research published by the American Association for Cancer Research (BD: March 6, 2014).

Regeneus was up two cents or 5.4 percent to 39 cents.

SCIGEN

Scigen says it has sold its 50.01 percent equity stake in Scigen Biopharma Pvt Ltd to Anglo Gulf FZE for \$US7 million (\$A7.4 million).

Scigen said the sale was conditional on the fulfilment of conditions by August 15, 2014 and shareholder approval.

The company said that Scigen Biopharma was a joint venture company established in Pune, India to manufacture human insulin, but the manufacturing facility was not yet operational.

Scigen said that its holding company was a major manufacturer of human insulin and had sufficient capacity to meet all of Scigen's requirements for years to come, so there was no need for any further investment in a manufacturing facility.

The company said that the United Arab Emirates-based Anglo Gulf was part of the Indian MJ Group with more than 30 years presence in the pharmaceutical industry.

Scigen said it co-developed and marketed genetically-engineered biopharmaceutical products for human healthcare, with a focus on gastroenterology, endocrinology and immunology and a portfolio including therapeutics such as recombinant human growth hormone, recombinant human Insulin and granulocyte colony stimulating factor.

The company said it had the rights to manufacture, distribute and market biopharmaceutical products under exclusive licencing arrangements and the portfolio included proprietary biotechnology-derived products and biosimilar products.

Scigen said it undertook research and development activities in collaboration with strategic partners and institutions.

Scigen was untraded at two cents.