



Biotech Daily

Friday August 22, 2014

Daily news on ASX-listed biotechnology companies

- * **ASX UP, BIOTECH DOWN: TISSUE THERA UP 6%, GENETIC TECH DOWN 8%**
- * **EX-PHOSPHAGENICS DR ESRA OGRU PLEADS GUILTY TO DECEPTION**
- * **BRAIN REVENUE DOWN 26% TO \$3m, LOSS UP 12% TO \$2m**
- * **CORRECTION: NANOSONICS**
- REVENUE UP 46% to \$26m, LOSS DOWN 55% TO \$3m
- * **HUNTER HALL TAKES PROFIT, REDUCES TO 12% IN SIRTEX**
- * **SUDA HOPES FOR ARTIMIST PARTNER, WHO INCLUSION**
- * **PROBIOTEC REVENUE UP 1% to \$68m, PROFIT UP 51% TO \$1m**
- * **MEDICAL DEVELOPMENTS SIGNS PSUK AS DISTRIBUTOR**
- * **FDA CLEARS ISONEA SONOSENTRY1 AS O-T-C DETECTOR, PATENT**
- * **IM MEDICAL REQUESTS ACQUISITION, CAPITAL RAISING HALT**

MARKET REPORT

The Australian stock market was up 0.12 percent on Friday August 22, 2014 with the S&P ASX 200 up 6.7 points to 5,645.6 points. Eleven of the Biotech Daily Top 40 stocks were up, 14 fell, 11 traded unchanged and four were untraded.

Tissue Therapies was the best, up two cents or 6.0 percent to 35.5 cents with 833,906 shares traded, followed by Neuren up 5.3 percent to 10 cents with 4.6 million shares traded.

GI Dynamics climbed 3.45 percent, Nanosonics and Sirtex rose more than two percent; Atcor, Ellex, Impedimed, Mesoblast and Starpharma rose more than one percent; with Bionomics and Cochlear up by less than one percent.

Genetic Technologies led the falls, down 0.2 cents or 7.7 percent to 2.4 cents with 46,000 shares traded.

Psivida lost six percent; Optiscan fell 5.9 percent; Oncosil fell four percent; Admedus, Benitec and Patrys were down more than three percent; Acrux, Circadian, Clinuvel, Prana, Prima and Universal Biosensors shed two percent or more; with Alchemia, CSL and Resmed down by less than one percent.

PHOSPHAGENICS

Former Phosphagenics chief executive officer Dr Esra Ogru has pleaded guilty to six charges of dishonestly obtaining a financial advantage by deception.

In the Melbourne Magistrates Court sitting in the County Court, Magistrate Luisa Bazzani accepted Prosecution and Defence advice that Dr Ogru would plead guilty to the six charges if nine other charges, relating to conspiracy to obtain property by deception and using her position as a director to obtain property by deception, were dropped.

Magistrate Bazzani read a caution to Dr Ogru on her rights to plea and Dr Ogru pleaded guilty to the six charges of dishonestly obtaining a financial advantage by deception.

The six charges relate to events from July 1, 2004 to May 28, 2013 including obtaining monies from Phosphagenics and its wholly-owned subsidiary Vital Health Services by submitting false invoices from Bynex Research Services, TABridge Pty Ltd and CK Australia, as well as invoices from Axcytogen Pty Ltd for goods and services not provided to Phosphagenics but to PMP-Vic Pty Ltd and Zarion Ltd, and credit card reimbursements when payments were not made (BD: Aug 11, 20, 21, 2014).

Counsel for the Commonwealth Department of Public Prosecutions, Allan Sharp, told the Court that two co-accused were due to reappear before County Court Judge Felicity Hampel, who would deal with the three matters together.

Magistrate Bazzani extended Dr Ogru's bail to August 29, 2014 to attend the County Court before Justice Hampel.

Magistrate Bazzani ordered Dr Ogru to reside at home, notify Police 48 hours before any move, not be in possession of any passport or travel documents, not attend any point of international departure and not leave or attempt to leave Australia or Victoria.

Phosphagenics was unchanged at 9.7 cents.

BRAIN RESOURCE

Brain Resource says revenue for the 12 months to June 30, 2014 fell 26 percent to \$2,554,000, with a net loss after tax up 12 percent to \$1,998,000.

Brain Resource said that net assets per share fell six percent to 16.9 cents at June 30, 2014 compared to 18.1 cents in the previous period.

The company said that diluted loss per share was up 3.7 percent to 1.98 cents compared with 1.91 cents in the previous corresponding period.

Brain Resource said it had cash and equivalents of \$1,992,613 at June 30, 2014 compared to \$3,784,665 at June 30, 2013.

Brain Resource fell one cent or 2.9 percent to 33 cents.

NANOSONICS

Last night's edition correctly reported that Nanosonics revenue for the year to June 30, 2014, was up 46 percent to \$25,606,000 reducing net loss after tax by 55 percent to \$2,605,000.

The headline was incorrect.

Biotech Daily apologizes unreservedly for the error and the temporary Thursday sub-editor, overwhelmed by other news, has been seconded to the Dostoyevsky Gazette to improve his reported and editing skills.

Nanosonics was up two cents or 2.2 percent to 94 cents.

SIRTEX MEDICAL

Hunter Hall Investment Management has again reduced its substantial holding in Sirtex from 7,442,105 shares (13.17%) to 6,770,341 shares (11.98%).

Hunter Hall sold shares between August 1 and 19, 2014 with the single largest and most recent sale of 168,910 shares for \$3,397,471 or \$20.11 a share.

Hunter Hall has been reducing its holding in Sirtex since May 2013 (BD: May 29, 2013).

Hunter Hall has been a long term shareholder in Sirtex and in 2009 increased to 16,684,884 shares (29.92%) when the company was at \$2.35 a share (BD: Mar 5, 2009). Sirtex was up 51 cents or 2.5 percent to \$20.91 with 258,775 shares traded.

SUDA

Suda says it is “on-track ... to secure a partner” for its Artimist anti-malaria program and hopes to accelerate inclusion in the World Health Organisation’s large-scale procurement. The company said it had ongoing discussions with multiple prospective partners, including top-10 pharmaceutical companies as well as mid-sized companies with established anti-malarial franchises in malaria-endemic regions and some companies had completed due diligence and initiated deal negotiations with Suda.

Suda said it had asked the WHO about the optimal regulatory strategy that would facilitate the inclusion of Artimist in the WHO Guidelines for the Treatment of Malaria, which were generally adopted by national healthcare agencies in malaria-endemic countries and used as the basis for large-scale procurement of medicines for public health use.

The company said that the World Health Organisation recommended it seek registration of Artimist with the US Food and Drug Administration or the European Medicines Agency under Article 58, which allows the EMA's Committee for Medicinal Products for Human Use (CHMP) to give opinions, in co-operation with the Organisation, on medicinal products for human use intended exclusively for markets outside of Europe.

Suda said it also had been advised to pursue the WHO Prequalification of Medicines Programme for Artimist.

The company said it was targetting US or European registration and WHO Prequalification of Artimist prior to a regional submission of the Common Technical Document in Africa and coordinating its strategy with the WHO and the Medicines for Malaria Venture and planned to initiate dialogue with the FDA and EMA.

Suda said it planned to expand the market for Artimist from treatment of severe paediatric malaria to use as an early interventional treatment when children first show signs of a malaria-like fever, before being referred to hospital, also an unmet medical need with no approved treatments.

The company said that Medicines for Malaria Venture was supporting its clinical advisory board in the design of a trial for the pre-referral indication, but it did not intend to begin further trials without a partner and would present the protocol to the WHO and philanthropic funds that indicated an interest in supporting the evaluation of Artimist as an early interventional treatment.

Suda chief executive officer Stephen Carter said the company was “making excellent progress towards our goal of securing a pharmaceutical partner for Artimist”.

“The interest in the program from pharmaceutical companies and groups like the WHO and Medicines for Malaria Venture, illustrate the drug’s potential to change the treatment landscape for paediatric malaria,” Mr Carter said.

Suda fell 0.1 cents or two percent to five cents.

PROBIOTEC

Probiotec says that revenue for the 12 months to June 30, 2014 was up 1.3 percent to \$68,214,622 with net profit after tax up 51.4 percent to \$903,668.

Probiotec said that net tangible asset backing per share rose 15.7 percent to 74.6 cents and diluted earnings per share was up 54.5 percent to 1.7 cents for the year to June 30, 2014 compared to 1.1 cents for the previous corresponding period.

The company said it had in cash and cash equivalents of \$1,116,587 at June 30, 2014, compared to \$46,117 at the end of the previous financial year.

Probiotec fell 1.5 cents or four percent to 36 cents.

MEDICAL DEVELOPMENTS INTERNATIONAL

Medical Developments says that the Runcorn, Cheshire-based Practice Services UK will supply its range of respiratory devices in Great Britain and Northern Ireland.

Medical Developments said that the agreement with PSUK included minimum quantities for three years that would drive ongoing sales of the respiratory devices in the UK.

Medical Developments chief executive officer John Sharman said the agreement was “a substantial commercial opportunity to grow our business in the UK”.

“PSUK supply the majority of doctors and pharmacies in the UK with medical devices,” Mr Sharman said.

Mr Sharman said the company had made its first sales in Belgium and the Netherlands, following distribution agreements for Italy and Greece.

Medical Developments was unchanged at \$1.10.

ISONEA

Isona says the US Food and Drug Administration has cleared its Sonosentry1 wheeze rate detector as an over-the-counter detection device.

Isona said that the FDA had provided “a substantially equivalent” letter for the Sonosentry1 portable acoustic device for measuring and recording wheeze rate.

The company said that the Sonosentry1 was not smart-phone enabled but used a sensor head, acoustic respiratory algorithms, and a liquid crystal display screen.

Isona said that the Sonosentry1 was suited for sale in developing countries where there was expensive, limited, or no internet access to connect to Isona’s cloud-based servers for analysis of recorded breath sounds.

The company said it was developing a Sonosentry2 stand-alone wheeze rate detector with a similar design to the Airsona device and a potential lower production cost.

Isona said it was preparing a submission for the Airsona wheeze monitor device and mobile telephone application that used an internet cloud-based server to acquire and process wheeze rate recordings.

The company said that the US Patent Office had granted a patent entitled ‘Compliance Monitoring for Asthma Inhalers’ addressing the inhaler types and regimes that an individual might use, differentiating it from other patents in this area.

Isona said that the system had a small profile sensor that attached to all types of inhaled asthma medication delivery devices, a mobile telephone application and a server to communicate to pharmacy and physicians.

The company said that the system recognized medication use and communicated the information to the telephone application or computer to document medication adherence, as well as monitor and re-order medication once the patient’s inhaler was nearing empty.

Isona was up one cent or 6.25 percent to 17 cents.

IM MEDICAL

IM Medical has requested a trading halt pending the release of “an announcement regarding a capital raising and acquisition initiatives”.

IM Medical requested a similar trading halt in December last year, ahead of announcing it would drop biotechnology to acquire White Data for \$9.1 million of its shares based on a notional issue price of two cents a share (BD: Dec 17, 20, 2013).

Last year, IM Medical said the acquisition would give it a clear focus on the development and management of data centre and cloud computing services.

In March 2014, IM Medical said it was finalizing the merger agreement with White Data to become a specialist data centre management company (BD: Mar 31, 2014).

Trading will resume on August 26, 2014 or on an earlier announcement.

IM Medical was untraded at 0.1 cents.