



# Biotech Daily

Tuesday August 5, 2014

*Daily news on ASX-listed biotechnology companies*

- \* **ASX, BIOTECH DOWN: CIRCADIAN UP 11%, ONCOSIL DOWN 9%**
- \* **COCHLEAR REVENUE UP 7% TO \$805m, PROFIT DOWN 17% to \$109.5m**
- \* **COGSTATE \$7m RATER-TRAINING CONTRACT**
- \* **ELLEX EXPECTS \$54m FULL YEAR REVENUE, LOSS TO \$1m PROFIT**
- \* **O'BRIEN INSTITUTE 'FRONTIERS IN HUMAN ENGINEERING SYMPOSIUM'**
- \* **PHOSPHAGENICS OVER-SUBSCRIBED SHARE PLAN RAISES \$3m**
- \* **PROBIOTEC CHAIRMAN MAURICE VAN RYN RESIGNS**
- \* **DR KATRIN LEADLEY REPLACES HEATWARE CMO DR DAVID HATHAWAY**

## MARKET REPORT

The Australian stock market fell 0.4 percent on Tuesday August 5, 2014 with the S&P ASX 200 down 22.3 points to 5,518.6 points.

Ten of the Biotech Daily Top 40 stocks were up, 16 fell, seven traded unchanged and seven were untraded.

Circadian was the best, up two cents or 11.4 percent to 19.5 cents with 27,168 shares traded, followed by Cochlear up 10.3 percent to \$69.00 with 1.1 million shares traded.

AcruX and Atcor climbed five percent or more; Patrys and Sirtex were up three percent or more; Bionomics and Prima rose more than two percent; with CSL, Medical Developments, Mesoblast, Nanosonics and Resmed up by less than one percent.

Oncosil led the falls, down one cent or 8.7 percent to 10.5 cents with 1.5 million shares traded.

Neuren lost 6.7 percent; Analytica and Benitec fell more than five percent; Anteo, Cellmid, Genetic Technologies and Viralytics were down more than three percent; Ellex and Prana shed more than two percent; Alchemia, Clinuvel, GI Dynamics, Impedimed and Tissue Therapies lost more than one percent; with Starpharma down 0.7 percent.

## COCHLEAR

Cochlear says total revenue for the 12 months to June 30, 2014 was up 6.9 percent to \$804,936,000 with a net profit after tax down 17.4 percent to \$109,490,000.

In a media release, Cochlear said that sales for the year to June 30, 2014 were “a record \$820.9 million” but after off-setting for a foreign exchange loss of \$16 million meant revenue was \$804.9 million, below the 2010-'11 record revenue of \$810 million.

Cochlear said there was a provision of \$15,781,000 for an ongoing patent dispute.

The net profit after tax of \$109.5 million compared to \$133 million in 2012-'13 and \$180.1 million in 2010-'11.

In 2011, the Cochlear Implant (CI) 512 was the subject of a recall and the provision of \$138.8 million for the recall, with the cause identified as a loss of hermeticity from unexpected variations in the brazing process during manufacturing, and was reintroduced earlier this year (BD: Sep 12, 2011; Jan 22, Feb 7, 2012; Jun 2, 2014).

Today, Cochlear chief executive officer Dr Chris Roberts told a teleconference that the company had not completely recovered market share following the recall, which occurred at the same time as competitor Advanced Bionics returned from its own recall.

In 2012, Dr Roberts said that with the recall of the Nucleus 500 series implant and the re-entry of Advanced Bionics, the company lost about five percent of market share to 65 to 70 percent (BD: Aug 7, 2012; Aug 6, 2013).

Today, the company said that sales revenue before foreign exchange losses for the six months to June 30, 2014 was up 17.7 percent to \$443.9 million compared to the six months to December 31, 2013.

Dr Roberts said that there was good sales growth across all geographic sectors, Dr Roberts said the company had continued investing in research and development as well as in its sales and marketing effort.

Cochlear's accounts said that the investment in research and development was up 2.3 percent to \$127,562,000 or 15.85 percent of total revenue, down slightly from 16.0 percent of revenue in the year to June 30, 2013.

Cochlear said the final 20 percent franked dividend was constant at \$1.27 a share to be paid on September 25, based on a record date of September 4, 2014, taking the full year \$2.54 10 percent franked dividend to \$2.54 compared to the previous year's \$2.52.

Cochlear said net tangible assets per share at June 30, 2014 was down 20 percent to 166.6 cents and diluted earnings per share fell 29.3 percent to 164.2 cents, compared to the previous year's 232.4 cents.

The company said it held \$56,127,000 in cash and cash equivalents at June 30, 2014, compared to \$52,689,000 at June 30, 2013.

Cochlear climbed \$6.46 or 10.3 percent to \$69.00 with 1.1 million shares traded.

## COGSTATE

Cogstate says it has a \$7.3 million contract to provide rater-training services in a phase III Alzheimer's disease study, concluding in July 2019.

Cogstate said that 3,700 people would be screened to enrol 1,551 subjects in the trial with half classified as having mild cognitive impairment and the other half having mild Alzheimer's disease.

The company said that the study would be run in 15 countries and it would train 525 “raters” across 175 sites in 17 languages.

Cogstate said that rater training covered services provided for all scales and tests, including paper and pencil tests, used in trials to measure cognition.

Cogstate were up four cents or 16.7 percent to 28 cents.

## ELLEX MEDICAL LASERS

Ellex says it expects to report a net profit before tax for the 12 months to June 30, 2014 of about \$1.3 million, compared to \$140,000 for the year to June 30, 2013.

The company said that full-year revenue was expected to be up 27 percent on the prior comparable period.

Last year, Ellex posted revenue of \$42.8 million and a net loss after tax of \$816,000 (BD: Aug 30, 2013)

Ellex chief executive officer Tom Spurling said the “improved result was primarily driven by significant sales growth in our US business associated with the launch of our world leading [selective laser trabeculoplasty] laser range for the treatment of glaucoma in July 2013 and continued growth in our Asian market outside of Japan”.

The company said that the revenue drivers included sales of its laser and ultrasound range in the US, Asia and Latin America, six months of sales from the Canaloplasty business acquired from Iscience International on December 31, 2013 and a fall in the value of the Australian dollar.

Ellex said that it recorded initial early-adopter sales of the retinal rejuvenation therapy (2RT) for diabetic macular oedema and age-related macular degeneration in Europe.

“Provided our overall sales momentum continues, we expect the profitability of Ellex to continue to improve in the year ahead,” Mr Spurling said.

Ellex fell one cent or 2.8 percent to 35 cents.

## O'BRIEN INSTITUTE

O'Brien Institute and the Australian Catholic University will hold a day-long symposium on the engineering of living tissues on August 21, 2014.

A media release from the O'Brien Institute, based at Melbourne's St Vincent's Hospital, said the symposium would review the “state of the art, what remains to be done and how we get there”.

The media release said that the ‘Frontiers in Human Engineering Symposium’ was sponsored by the O'Brien Institute and Australian Catholic University, O'Brien Institute Regenerative Tissue Engineering Centre (Aortec).

The Institute said that speakers included the O'Brien Institute director Prof Wayne Morrison, St Vincent's Institute director Prof Tom Kay, Bionics Institute deputy director Prof Hugh McDermott and Monash University Ritchie Centre director Prof Euan Wallace.

The O'Brien Institute said that the topics that would be covered included soft and hard tissue engineering, biomaterials and delivery, the neural, electrical, prosthetic interface and commercialization pathways.

The Institute said that the symposium would be of special interest to researchers in the fields of cell vascular and neuro-biology, biomaterials, product development and surgical delivery.

The Institute said the symposium included research conducted at the O'Brien Institute, the University of Melbourne, St Vincent's Institute, St Vincent's Hospital, Bionics Institute, Centre for Eye Research, University of Wollongong and Australian Catholic University.

The media release said that the plenary lecture would be given by the University of Melbourne's director of biomedical research Prof Darren Kelley on Fibrotech, the company recently acquired by Shire for a total value of about \$600 million.

The Frontiers in Human Engineering Symposium will be held at St Vincent's Hospital, Victoria Parade, Fitzroy, on August 21, 2014 from 8am to 6pm.

For registration details go to: [www.obl.edu.au/HumanEngineeringSymposium](http://www.obl.edu.au/HumanEngineeringSymposium).

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## PHOSPHAGENICS

Phosphagenics says its \$3 million share purchase plan at eight cents a share has closed significantly oversubscribed.

Phosphagenics said that it expected to raise the full amount of \$19.3 million pending shareholder approval of the second tranche of its placement at its extraordinary general meeting on August 25, 2014 (BD: July 11, 2014).

The company said it received applications for \$5.6 million in shares and there would be a scale-back.

Phosphagenics was unchanged at 8.8 cents.

## HEARTWARE INTERNATIONAL

Heartware says it has appointed Dr Katrin Leadley to replace Dr David Hathaway as chief medical officer, effective from September 1, 2014.

Heartware said that Dr Hathaway had been the company's chief medical officer since 2008 and had decided to retire.

The company said that Dr Leadley had "extensive strategic leadership, with more than 20 years of clinical and industry experience at life sciences firms, including Quintiles, Boston Scientific Corporation and Jenavalve Technology in Munich".

Heartware chief executive officer Doug Godshall said that Dr Leadley had "a wealth of clinical program management experience ... [and] her knowledge of cardiovascular device trials and her relationships with many of our international key opinion leaders will enable her to begin making contributions immediately".

Heartware said that Dr Leadley earned her medical degree at Ludwig-Maximilian University Medical School in Munich, had authored scientific and medical publications and presented at industry conferences and events around the world, and had been awarded a National Institute of Health Postdoctoral Fellowship by the School of Public Health at the University of California at Berkeley.

Heartware was up \$US1.72 or 2.09 percent to \$US84.08 with 148,592 shares traded.

## PROBIOTEC

Probiotec says that chairman Maurice Van Ryn has resigned "to pursue other opportunities".

Last week, Medical Developments said that Mr Van Ryn had resigned as a director of that company (BD: Jul 28, 2014)

Today, Probiotec said that Mr Van Ryn had been a non-executive director and chairman since the company listed on the ASX in November 2006.

Probiotec thanked Mr Van Ryn "for his substantial contributions over a considerable period of time".

The company said that non-executive director Robert Maxwell (Max) Johnston would assume the role as acting chairman.

Probiotec said that Mr Johnston had more than 20 years experience in executive positions with Johnson & Johnson, Diageo and Unilever and was currently a director of Medical Developments, Enero Group and Calzada.

Probiotec fell 1.5 cents or 3.6 percent to 40 cents.