



Biotech Daily

Friday July 11, 2008

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECHS UP: PRANA UP 18%, PHYLOGICA DOWN 20%**
- * **GENETIC TECHNO ENFORCES BREAST, OVARIAN CANCER TEST RIGHTS**
- * **IMPEDIMED RAISES \$1.2m FOR US CAMPAIGN**
- * **HEARTWARE BACKS PLACEMENT, DISSENT ON BARBERICH OPTIONS**
- * **BIO-MELBOURNE: PATENT MANAGEMENT FOR BIOTECH COMPANIES**
- * **CAPITAL GROUP INCREASES TO 6.5% OF COCHLEAR**
- * **KINETIC INCREASES TO 6.5% OF NANOSONICS**
- * **INCITIVE AGM TO VOTE ON DIRECTORS, OPTIONS, PLACEMENTS**

MARKET REPORT

The Australian stock market climbed 0.9 percent on Friday July 11, 2008 with the All Ordinaries up 47.3 points to 5,067.8 points.

Twenty-two of the Biotech Daily Top 40 stocks were up, eight fell, four traded unchanged and six were untraded.

Prana was best, up seven cents or 17.95 percent to 46 cents with 562,754 shares traded, followed by Stem Cell up 16.67 percent to 35 cents and Peplin up 11.43 percent to 39 cents.

Novogen climbed eight percent; Genetic Technologies was up 7.14 percent; Psivida, Starpharma and Universal Biosensors were up more than six percent; Neuren rose 5.88 percent; Heartware was up 4.88 percent; Cathrx, CSL, Pharmaxis and Phosphagenics were up three percent or more; Cellestis, Clinuvel, Progen and Ventracor rose more than two percent; with Avexa, Benitec, Bionomics and Viralytics up more than one percent.

Phylogica led the falls, down 2.3 cents or 20 percent to 9.2 cents, followed by Impedimed down 10 percent to 72 cents and Mesoblast down 8.16 percent to 90 cents. Chemgenex and Sirtex lost more than three percent; with Alchemia, Biota and Circadian down more than one percent.

GENETIC TECHNOLOGIES

Genetic Technologies will “enforce the rights ... to use Myriad’s patents to perform diagnostic testing of the BRCA1 and BRCA2 genes in Australia and New Zealand”. Genetic Technologies chief executive officer Michael Ohanessian told Biotech Daily that the genes were markers for a predisposition to inherited breast and ovarian cancer. Mr Ohanessian said the company had not enforced its rights to the exclusive licence acquired in October 2002 from Myriad Genetics to perform diagnostic testing in Australia and New Zealand.

He said that public sector laboratories had been doing the testing and they were aware the Genetic Technologies had the rights but had chosen not to enforce those rights. In May 2003, Genetic Technologies publicly announced that it would not enforce its right to prevent other service providers from performing BRCA testing in those jurisdictions. Mr Ohanessian said Genetic Technologies had been building its capacity to do this testing and would undertake work in this market.

“We have been in contact with these laboratories and we are seeking a constructive way forward,” Mr Ohanessian said.

He said Genetic Technologies was aware that it was an emotive subject and the company would ensure that there was a smooth transition and there would be no interruption to services.

Mr Ohanessian would not indicate whether Genetic Technologies was seeking a royalty payment from the existing laboratories or was seeking to prevent them undertaking the test.

In a media release to the ASX Genetic Technologies said it had paid ongoing fees to Myriad Genetics in respect of the BRCA licence and invested “several million dollars” in establishing a world-class, rapid, high-throughput, Australian National Association of Testing Authorities and Royal College of Pathologists of Australasia-accredited molecular diagnostic laboratory.

“We think our service is the most efficient,” Mr Ohanessian told Biotech Daily.

The company’s media release said its diagnostic laboratory “enabled us to offer a premium service in terms of quality, turnaround time and efficiency in the delivery of BRCA testing to our familial cancer clinic customers”.

Genetic Technologies said that over the last two years it had “consistently delivered test results within an eight week turnaround time”.

The company said the eight week turnaround was consistent with the expectations specified in the June 2003 UK White Paper, ‘Our Inheritance, Our Future – Realising the Potential of Genetics in the NHS’ presented to the British Parliament by the Secretary of State for Health, an initiative driven by a \$37 million investment by the British Government in laboratory infrastructure.

Genetic Technologies said it was delivering a turnaround time “of just four weeks, in stark contrast to certain other laboratories that, according to the Human Genetics Society of Australasia’s 2006 Quality Assessment Program for Molecular Genetics, had an average turnaround time of up to 11 months”.

“It is our view that the provision of rapid, high quality DNA test results plays an important part in the enhancement of patient care and assists the healthcare sector to deliver cost effective clinical management,” Genetic technologies said.

“Given that Genetic Technologies now offers an excellent service and has considerable excess capacity, the company has made a commercial decision to enforce the exclusive rights granted to it by Myriad Genetics to perform diagnostic testing of the BRCA1 and BRCA2 genes in Australia and New Zealand,” the company said.

Genetic Technologies climbed 0.6 cents or 7.14 percent to nine cents.

IMPEDIMED

Impedimed has raised \$1.2 million through the placement 1,600,001 shares at 75 cents to two existing shareholders.

Impedimed said the funds would be used “to accelerate activities targeted at developing the US market for the company’s devices used in the clinical assessment of lymphoedema among patients who have had breast cancer”.

The company said it acknowledged the support of ABN Amro Morgans and Lodge Partners in arranging the placement.

Impedimed fell eight cents or 10 percent to 72 cents.

HEARTWARE

Heartware shareholders have overwhelmingly supported the issue of 62,256,562 shares in its \$31 million placement.

The six resolutions relating to the placement were approved by margins of more than 125 million proxy votes in favor to 129,881 proxy votes against four of the resolutions, 137,756 proxy votes against the sixth resolution and 28,616 proxy votes against the first resolution. But on the issue of 200,000 options with an exercise price of 60 cents to director Tim Barberich there were 4,076,901 proxy votes against the resolution with 121,410,171 proxy votes in favor.

Heartware was up two cents or 4.88 percent to 43 cents.

BIO-MELBOURNE NETWORK

The Bio-Melbourne Network’s July 18 workshop examines intellectual property and due diligence.

The Network says companies need to consider the due diligence investigation of their intellectual property, prior to signing a deal or raising capital for the next phase of development.

“Have you carried out the necessary checks to be confident of your IP portfolio? What do you need to do to ensure that your investor gives you a ‘tick’?” the Network asks.

Griffith Hack patent and trademark attorney principals, Amanda Stark and Debbie Beadle, will discuss how your intellectual property will be examined in a due diligence investigation and ways in which you can strengthen your portfolio.

Ms Stark and Ms Beadle have extensive experience as patent attorneys in Australia, the UK and Europe.

They have both been involved in due diligence and are alert to the problems which can arise, have experience in providing solutions and devising patent strategies.

Solubility director Lisa Keam will present on patent due diligence from an investor perspective.

Ms Keam will examine key due diligence issues from both a pharmaceutical company and venture capital investment perspective and how to prepare for an investor due diligence.

Ms Keam has more than 15 years experience in intellectual property management and technology commercialization and was previously investment director at Starfish Ventures, a Melbourne based venture capital firm.

Registration will commence from 8:45am at Griffith Hack, Level 3, 509 St Kilda Road, Melbourne. The workshop will conclude at 12:30pm, followed by a light lunch.

The price for members of the Bio-Melbourne Network is \$350 per person and \$800 for non-members. For more information visit: www.biomelbourne.org or contact Nicole Pitcher on +613 9650 8800 or email: npitcher@biomelbourne.org.

COCHLEAR

The US based Capital Group Companies increased its substantial shareholder in Cochlear from 3,043,573 shares (5.47%) to 3,630,214 shares (6.53%) on July 9, 2007. Capital Group said the 586,641 shares were bought at an average price of \$53.9688 each.

Cochlear climbed 28 cents or 0.62 percent to \$45.13.

NANOSONICS

Kinetic Investment Partners has increased its substantial shareholding in Nanosonics from 10,603,284 shares (5.44%) to 12,574,477 shares (6.45%).

Kinetic is part of Challenger Financial Services and its principals are Jonathan Findlay, Richard Sharp and Anthony Porto.

Nanosonics was up one cent or five percent to 21 cents.

INCITIVE

Incitive shareholders will vote on the reelection and issue of 50,000 options to two directors and the ratification of a placement of 10,600,000 shares.

Dr Tracie Ramsdale and JJ (Kim) Wright are standing for reelection and the company proposes to issue 50,000 options to each director.

The company is also seeking approval for the issue of 10,600,000 shares to clients of Cygnet Capital at five cents a share.

The meeting will be held at The Boardroom, 433 Logan Road, Stones Corner, Queensland on August 11, 2008 at 11am.

Incitive was unchanged at five cents.