



Biotech Daily

Wednesday August 12, 2009

Daily news on ASX-listed biotechnology companies

- * **ASX UP, BIOTECH DOWN:
COMPUMEDICS UP 60%, SUNSHINE DOWN 17%**
- * **BIOTECHS RAISE MORE THAN \$300m IN 7 MONTHS**
- * **BIOPHARMICA UP 10-FOLD IN 3 DAYS; SHARE PLAN; SPIN-OUT**
- * **PAUL KEATING'S BRAIN RESOURCE POSTS \$4.2m MAIDEN PROFIT**
- * **ACUVAX'S HAWAII BIOTECH WINS \$3.5m ENCEPHALITIS GRANT**
- * **GENESIS PLAN RAISES \$380k - 37% OVERSUBSCRIBED**
- * **UNILIFE BEGINS US SYRINGE PRODUCTION**
- * **FURTHER PATENTS FOR PRANA'S PBT2 ALZHEIMER'S DRUG**
- * **ITL LOSES CFO GREG LEWIS**

MARKET REPORT

The Australian stock market was up 0.26 percent on Wednesday August 12, 2009 with the S&P ASX 200 up 11.1 points to 4343.1 points. Thirteen of the Biotech Daily Top 40 stocks were up, 15 fell, eight traded unchanged and four were untraded. All three Big Caps were up.

Compumedics was best, up nine cents or 60 percent to 24 cents with 314,025 shares traded, followed by Genetic Technologies up 21.6 percent to 6.2 cents, Prana up 17.1 percent to 24 cents on strong volumes, with Tyrian up 11.1 percent.

Phylogica climbed 7.8 percent; Novogen was up 5.8 percent; Avexa and Phosphagenics climbed more than four percent; Alchemia was up 3.4 percent; Chemgenex and Pharmaxis rose more than two percent; Cellestis, Circadian, CSL and Resmed were up more than one percent; with Cochlear up 0.92 percent.

Sunshine Heart led the falls, down two cents or 16.7 percent to 10 cents with 106,100 shares traded followed by Labtech down 11.8 percent to 15 cents. Optiscan lost 7.1 percent; Cytopia and Psivida were down more than six percent; Living Cell and Universal Biosensors were down more than five percent; Cathrx fell 3.2 percent; Biota and Sirtex shed more than two percent; with Heartware, Progen and Tissue Therapies down more than one percent.

CAPITAL RAISINGS

Biotechnology companies have raised \$300.9 million since January 1, 2009 not including raisings by institutions and funds.

The total for the past 16 months, when Biotech Daily began tracking capital raisings, including biotech institutions, is more than \$621 million despite claims last year that the sector was doomed and "we'll all be runed".

Resmed's 33 percent profit increase to \$175 million along with Cochlear's 12 percent profit rise to \$130.5 million in the Year of the Global Financial Crisis tends to contradict the doomsayers.

Indeed, even among the much touted minnows of biotech, very few have gone bust in these terrible times.

Neuren, Prima, Biomed and Medical Therapies are just some of the companies that have shown the tenacity and inventiveness to survive the crisis.

Ventracor was never a minnow. Polartech's administration was a surprise. Most Arana investors thought the Cephalon deal was fair and took the money, while the original Evogenix investors laughed all the way to the bank; as did anyone who took the advice that Biota at 33 cents was plainly ridiculous.

The cumulative total raised by biotechnology companies over the last 16 months not including institutions is \$432.52 million with about \$200 million raised by institutions.

For the record:

Heartware \$66m; Aug 11, 2009
Agenix \$1m; Aug 10, 2009
Living Cell \$4.2m; July 30, 2009
Prima \$25.5m; July 21, 2009
Solagran \$5.54m; July 20, 2009
Avita \$5m; July 20, 2009
Cathrx \$6.9m; July 10, 2009
Medical Therapies \$550k; July 7, 2009
Pharmaxis \$7.2m; June 30, 2009
Impedimed \$7m; June 30, 2009
Eastland \$3.28m; June 29, 2009
Prima \$165k; June 29, 2009
Verva \$2m; June 18 2009
Viralytics \$7.4m; June 12, 2009
Benitec \$30k; June 12, 2009
Pharmaxis \$47m; June 4, 2009
Aveva \$1m; May 29, 2009
Eastland \$585k; May 29, 2009
Impedimed \$5m; May 28, 2009
Chemgenex \$8.4m; May 27, 2009
Benitec \$37k May 27, 2009
Starpharma \$4m; May 21, 2009
Virax \$300k; May 20, 2009
Genera \$3m; May 19 2009
Verva \$2m; May 15 2009
Optiscan \$500k; May 14 2009
Benitec \$1.086, May 5 2009
Giaconda \$250k May 4, 2009
Biomed \$437k; May 1, 2009
Polartech \$2.25m; May 1, 2009
Aveva \$17m; Apr 30, 2009
Biosignal \$120; Apr 28 2009

Phylogica \$3.8m; April 22, 2009
Fluorotechnics \$1,233,000; April 17 2009.
Medical Therapies \$340k April 17, 2009
Incitive \$784k April 17, 2009
Chemgenex \$10m April 9, 2009
Starpharma \$3.1m (adjusted) April 7, 2009
C-Bio \$1.5m April 3, 2009
Incitive \$784k; April 2, 2009
Polartech \$2.5m Apr 1, 2009
Biomed \$426k Apr 1, 2009
Mesoblast \$10.81m March 30, 2009
GBS \$125m March 19, 2009
Healthlinx \$3m March 25, 2009
Healthlinx \$144k March 24, 2009
Prima \$12m March 11, 2009
Tissue Therapies \$1.2m March 4, 2009
Eastland \$4-6m March 3, 2009
Medical Therapies \$450k Feb 23, 2009
Karmelsonix \$1m Feb 23 2009
Bionomics \$4m Feb 5, 2009
Ellex \$1.6 m Jan 16, 2009
Benitec \$1m Jan 2009.

Safety Medical \$9.5m NAB Dec 17, 2008
OMI \$503k Nov 7, 2008
Peplin \$US30.7m (\$A46m); October 2008
Fluorotechnics \$9m; October 2008
Chemgenex \$13m; September 17 2008
Spinifex \$12m; September 2008
Genera Biosystems \$5m; June 11, 2008
Heartware \$30m; May 23, 2008
Phosphagenics \$9m; May 7, 2008

BIOPHARMICA

Biopharmica jumped a further 187.5 percent today on news of a share plan to spin-out Molecular Discovery Systems as stand-alone cancer drug company.

Biopharmica's share price peaked at 32.5 cents, a 22.5 cents or 187.5 percent increase above yesterday's close of 12 cents, itself a 140 percent rise on the previous day's five cent close.

According to data from Commonwealth Securities, Biopharmica's shares traded at a high of 32.5 cents at 10.19am.

Biopharmica closed at five cents on August 10, having closed on Friday August 7, 2009 at 2.6 cents. Over the past 12 months the company has traded between 1.8 cents and 4.5 cents.

Today, Biopharmica said it intended to seek an ASX initial public offering for investee company Molecular Discovery Systems, dedicated to the anti-mitotic drug discovery development program and the tumor suppressor gene HLS5 (BD: Aug 10, 2009).

Under the share plan and spin-off, Biopharmica would retain an interest in the company and its shareholders would receive a share at no cost in Molecular Discovery Systems for every listed Biopharmica share that they hold five days after the date of shareholder approval of the spin off.

The company said that an eligible Biopharmica shareholder can participate in the share purchase plan and receive the same number of shares at no cost in the Molecular Discovery Systems IPO.

The spin off and listing is subject to approval from shareholders and regulatory bodies.

Biopharmica said the funds raised from the share plan would be used for continuing research and development, commercialization, additional working capital, funding the IPO and to meet anticipated expenses of the issue.

Eligible shareholders can purchase shares, at a 20 percent discount to the weighted average price of the last five days prior to the day on which the issue is made.

The plan offers a minimum of \$1000 and a maximum of \$15,000 worth of shares per shareholder and is limited to 30 percent of the existing share capital with applications "accepted on a first received basis".

Biopharmica said the record date for the share plan was August 21, 2009 with a document dispatch date of August 24 and a closing date of September 24, 2009.

Biopharmica closed up 14 cents or 116.7 percent at 26 cents with 7.3 million shares traded.

BRAIN RESOURCE

Brain Resource has reported its first full-year net profit after tax for the 12 months to June 30, 2009 of \$4,195,000 compared to the previous year's \$1,505,000 loss.

Brain said total revenue climbed 65 percent to \$7,355,000 million,

The company said the \$4.2 million profit included a \$2 million foreign exchange gain and it had a cash balance at June 30, 2009 of \$17 million.

Brain said there had been a significant expansion of its Clinical Solutions business which was an "online assessment of brain health to help identify and prioritize individuals at risk, determine the best treatment pathway ... and monitor treatment".

The company said net tangible assets per share fell 20 percent from 1.44 cents at June 30, 2008 to 1.15 cents at June 30, 2009 and no dividend would be paid.

Former Prime Minister Paul Keating is a director of Brain Resource.

Brain was unchanged at 30 cents.

ACUVAX

Acuva says its US affiliate Hawaii Biotech has won a \$US2.9 million (\$A3.5 million) grant to continue developing a vaccine against tick-borne encephalitis.

Hawaii Biotech is 27 percent owned by Acuvax, with Acuvax's major shareholder, Dr Richard Opara indirectly holding a further 13 percent interest in Hawaii Biotech.

Acuvax chief executive officer and Hawaii Biotech director Dr William Ardrey said the cash grant win was "a further demonstration of the value of the proprietary recombinant protein production platform for making subunit vaccines".

Dr Ardrey said developing vaccines using the recombinant technology had "significant benefits over older technologies" with vaccines for hepatitis B and cervical cancer made this way.

Acuvax said the Gardasil cervical cancer vaccine developer Prof Ian Frazer was one of its medical advisors.

The company said the \$US2.9 million grant from the National Institute of Allergy and Infectious Disease would fund optimization of protein expression, downstream processing, and vaccine formulation as well as establish vaccine safety, immunogenicity and efficacy in animal models.

Hawaii Biotech chief executive officer Dr Elliot Parks said the grant would allow the company to complete preclinical development and move towards clinical trials of the tick-borne encephalitis vaccine candidate.

Hawaii Biotech said it would use its recombinant protein production platform to produce a subunit vaccine containing the tick-borne encephalitis envelope glycoprotein.

The company said subunit vaccines provided a number of benefits over virally-based proteins.

Acuvax said tick-borne encephalitis (TBE) was also known as spring-summer encephalitis, an infectious disease in many parts of Europe, the former Soviet Union and Asia.

The company said TBE was caused by a virus, which was a member of the family Flaviviridae that also includes Dengue, Japanese encephalitis, West Nile and yellow fever viruses.

Tick-borne encephalitis is most commonly recognized as a neurological disease, but mild febrile forms of illnesses can also occur. Infection of the central nervous system can result in severe neurological symptoms and, in rare cases, death with long-lasting or permanent neurological damage in 10-20 percent of infected patients.

Acuvax said several thousand cases were reported each year.

Acuvax was unchanged at four cents.

GENESIS RESEARCH AND DEVELOPMENT

Genesis' share plan closed 36.7 percent oversubscribed with requests for 10,716,574 shares worth \$NZ643,000 but only 7,838,040 shares available, worth \$NZ470,282.

Genesis said the NZSX Listing Rules limited the number of shares that could be issued to 30 percent of the number of shares on issue prior to the plan raising \$NZ470,282 (\$A379,380).

The company said all applications would be reduced on a pro rata basis and shares would be issued and allotted on or about August 14, 2009 with excess subscriptions refunded to applicants.

Genesis chief executive Stephen Hall said it was "very pleasing to see the level of support from shareholders"

"The funds raised will be used to support the gene silencing program," Mr Hall said.

Genesis was untraded at 4.3 cents.

UNILIFE MEDICAL SOLUTIONS

Unilife says it has begun US production of the Unitract 1mL Insulin Syringe at its US Food and Drug Administration-registered facility in Pennsylvania.

Unilife says its Unitract syringes have an automatic needle retraction mechanism which allows operators to control the speed of needle withdrawal into the barrel, where it is locked in place to prevent re-use or product tampering.

The company said product variants included the Unitract 1mL Insulin and Tuberculin syringes.

Unilife said the production milestone followed the transfer of the automated assembly system for the Unitract 1mL syringes into its designated clean room.

The company said operational tests validating performance had been completed, with the automated assembly system rated at up to 90 percent efficiency and it was working to achieve optimum productivity of 40 million units a year.

Unilife said it had also installed and tested related manufacturing systems including an automated barrel printer and an automated packaging system.

Unilife said the Unitract 1mL Insulin syringe had regulatory approval for use in the US, Canada, Europe and Australia with commercial release expected by the end of 2009, following product ageing studies.

Unilife chief executive officer Alan Shortall said the technical challenges that had to be overcome to commence high volume production of the syringes “turned our in-house operational capabilities into a key commercial strength”.

“The lessons we have learned during the successful completion of fully automated production for the Unitract 1mL syringes is now serving as a gateway to the creation of additional substantial opportunities such as the Unilife Ready-to-Fill syringe,” Mr Shortall said.

Unilife was up two cents or 5.97 percent at 35.5 cents with 1.4 million shares traded.

PRANA

Prana says it has a notice of allowance from the US States Patent and Trademark Office further protecting its lead compound for Alzheimer’s disease PBT2.

Prana said the patent entitled ‘8-hydroxyquinoline derivatives’ covered the composition of matter of selected families of 8-hydroxyquinoline compounds, including PBT2 and pharmaceutical compositions containing these compounds.

The company said the patent was expected to be granted by December 2009, following payment of official fees.

Prana said it also had the grant of related patents in Russia, Singapore, South Africa, New Zealand and a notice of acceptance in Australia.

Prana said it had previously announced a European notice of decision to grant a patent.

Each of the granted patents have a 20 year term expiring on July 16, 2023, with extensions possible in some of these countries, including the US and Europe.

Prana said PBT2 had completed a phase IIa study in early Alzheimer’s disease patients and demonstrated safety and tolerability and the compound “showed improvement in executive function, an important aspect of cognitive performance, and reduced the levels of Amyloid beta in the spinal fluid of patients” (BD: Jul 30, 2008).

The company said amyloid beta was a key protein associated with Alzheimer’s disease.

Prana climbed 3.5 cents or 17.1 percent to 24 cents with 1.3 million shares traded.

ITL LTD

ITL says Greg Lewis has resigned as chief financial officer and company secretary effective from September 24, 2009.

ITL said the resignation followed Mr Lewis's decision to return to New South Wales for family reasons.

The company said it had begun a search for a chief financial officer.

ITL was unchanged at eight cents.