



Biotech Daily

Wednesday August 11, 2010

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH DOWN: BIONOMICS UP 9%; BONE DOWN 12%**
- * **LABOR GOVERNMENT: 'COALITION BLOCKS 45% R&D TAX CREDIT BILL'**
- * **HALCYGEN EARNS \$20m IN 6 MONTHS OF DORYX SALES**
- * **US PATENT FOR HATCHTECH'S LOUSE EGG TREATMENT**
- * **NOVOGEN'S MARSHALL EDWARDS APPOINTS DR CHRISTINE WHITE**
- * **ITL LOSES DIRECTOR DR MIKE HIRSHORN**

MARKET REPORT

The Australian stock market fell 1.88 percent on Wednesday August 11, 2010 with the S&P ASX 200 down 85.2 points to 4455.5 points.

Nine of the Biotech Daily Top 40 stocks were up, 12 fell, nine traded unchanged and 10 were untraded.

Bionomics was best, up 2.5 cents or 8.6 percent to 31.5 cents with 26,600 shares traded.

Benitec and Prana climbed more than seven percent; LBT and Phosphagenics were up more than five percent; Nanosonics was up 3.2 percent; Universal Biosensors rose 2.1 percent; with Alchemia up one percent.

Bone led the falls, down 0.9 cents or 12 percent to 6.6 cents with 6,333 shares traded, followed by Novogen down one cent or 6.7 percent to 14 cents with 37,450 shares traded.

QRX lost five percent; Heartware and Prima fell more than four percent; Biota was down three percent; Clinuvel, Impedimed and Viralytics shed more than two percent; with Acrux down 1.5 percent.

AUSTRALIAN LABOR PARTY

Innovation Minister Senator Kim Carr says the Liberal National Coalition was blocking the passage of the 45 percent Research and Development Tax Credit Bill.

In a media release about Federal Labor's innovation portfolio Senator Carr said the Labor Government's tax credit was "the most important reform to business innovation support in a generation" worth \$1.6 billion a year to business.

"By stalling the legislation in the Senate, the Liberals have denied countless small businesses upfront cash credits for their investment in innovation," Senator Carr said.

The tax credit if passed in its current form would provide a 45 percent refundable tax credit for companies turning over less than \$20 million a annum and a 40 percent non-refundable tax credit to all other companies.

The Labor Party media release said the move would double the base rate of support for smaller firms, and raise the base rate for larger firms by a third.

Smaller firms in tax loss would be able to take the credit in cash, the media release said.

"The R&D Tax Credit is a vital part of Federal Labor's plan to move Australia forward and deliver a strong and secure economy," Senator Carr said.

"The Federal Election offers a choice between a better plan for a stronger economy and a plan that takes Australia backwards," Senator Carr said. "A Gillard Labor Government will continue to work in partnership with industry, to support innovation."

"Tony Abbott's only plan for innovation is to stop it," Senator Carr said.

"The Liberals have promised to cut or close successful Federal Labor programs to support creative companies, and they conducted an orchestrated filibuster in the Senate to prevent debate on the R&D Tax Credit legislation," Senator Carr said.

The Labor Party said it would pursue a start date of July 1, 2010 for the tax credit.

The Leader of the Opposition in the Senate, Senator Eric Abetz has previously told Biotech Daily that the Coalition had concerns with the 45 percent research and development tax credit program and would not support the legislation in its current form (BD: Jul 16, 2010).

In a separate document entitled 'Innovation Fact Sheet', Prime Minister Julia Gillard said that her Government was "boosting investment in research and innovation to more than \$8 billion in 2010-'11 - the largest commitment since records began and a 34 percent increase on 2007-08 levels.

Ms Gillard said the Labor Government had established Commercialisation Australia as "a radical new initiative to support home-grown innovation and capture the rewards for Australia".

Ms Gillard said a Labor Government would assist small business by cutting the company tax rate to 29 percent for small businesses from July 1, 2012 and allowing all small businesses an instant write-off for any new business asset that was worth up to \$5,000, for as many assets as they buy.

She said a Labor government would enable small businesses to pay their employees' superannuation to a single location in one electronic transaction; create a national business names register so businesses don't have to register their names in each state and territory saving time and money; and introduce standard business reporting to reduce red tape and make it quicker and simpler for them to complete and lodge reports to government.

Ms Gillard said Opposition Leader Tony Abbott would scrap Labor's plan to give small businesses an instant write-off for any new business asset worth up to \$5,000.

Biotech Daily has asked the Liberal Party and the Greens for their policies on innovation and biotechnology and will published them as soon as practicable.

HALCYGEN

Halcygen can expect to earn about \$20 million from sales of the Doryx acne treatment it acquired with the Mayne Pharma assets last year (BD: Sep 25, 2009).

Halcygen said that its Doryx marketing and distribution partner Warner Chilcott reported \$US51.0 million (\$A56.1 million) for the three months to June 30, 2010 and \$101.9 million for the six months to June 30.

Halcygen chief executive officer Dr Roger Aston told Biotech Daily that the company earned between 18 and 20 percent of gross sales, implying it would receive between \$20.2 million and \$22.4 million from Doryx alone.

The company said Warner Chilcott had advised that sales for the three months to June 30, 2010 were 13.7 percent above the corresponding period in 2009.

Halcygen was unchanged at 61.5 cents.

HATCHTECH

Hatchtech says the US Patent and Trademark Office has allowed "one of its key patents" protecting its lead compound for use in controlling pests and parasites including head lice. Hatchtech founder and chief scientific officer Dr Vern Bowles said the patent was "a very important milestone for the company".

Hatchtech said Deovo had completed a phase IIa study showing safety, tolerability and clear lousicidal and ovicidal efficacy following a single short treatment and was "working towards raising further capital to fund a phase IIb study in the US later this year".

Hatchtech is a private company.

NOVOGEN

Novogen's 72 percent US subsidiary Marshall Edwards has appointed oncologist Dr Christine White as a director replacing Prof Paul Nestel, a director since 2001.

Marshall Edwards chief executive officer Dr Daniel Gold said Dr White's "deep understanding of drug development and regulatory affairs, coupled with her years of experience treating patients as a clinical oncologist will be a valuable asset".

Novogen said Dr White was with Biogen Idec from 1996 to 2005, most recently as senior vice-president of medical affairs, where she played an integral role in the development, regulatory affairs and commercialization of oncology drugs Rituxan and Zevalin.

Previously, she was the director of clinical oncology research at the Sidney Kimmel Cancer Center in San Diego.

Novogen said Dr White was a director of Arena Pharmaceuticals and Genoptix and held a Bachelor of Arts in biology and a Doctor of Medicine from the University of Chicago.

Novogen fell one cent or 6.7 percent to 14 cents.

ITL

ITL says director Dr Mike Hirshorn has resigned effective from today.

Dr Hirshorn is a director of Four Hats Capital and continues as a director of Biotron and two unlisted companies TGR Biosciences and Dynamic Hearing.

ITL was unchanged at six cents.