



Biotech Daily

Tuesday August 17, 2010

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH UP: ANTISENSE UP 13%; VIRAX DOWN 14%**
- * **SENATOR CARR ATTACKS COALITION ON R&D TAX CREDIT BILL**
- * **PRIMA, BIOCEROS COLLABORATE ON CRIPTO-1 FOR CANCER**
- * **GIACONDA SAYS \$558k REDHILL DEAL UNDERWAY**
- * **NUSEP POSTS \$3.3m MAIDEN PROFIT; REVENUE UP 17% TO \$2.4m**
- * **LBT PROFIT UP 342% TO \$1.5m; REVENUE UP 76% TO \$3.9m**
- * **LITTLE DISSENT AT PRANA STOCK ISSUE EGM**
- * **LICENTIA TAKES 7% OF CIRCADIAN**

MARKET REPORT

The Australian stock market climbed 0.87 percent on Tuesday August 17, 2010 with the S&P ASX 200 up 38.5 points to 4477.0 points.

Ten of the Biotech Daily Top 40 stocks were up, eight fell, 10 traded unchanged and 12 were untraded. All three Big Caps were up.

Antisense was best, up 0.2 cents or 13.3 percent to 1.7 cents with 190,000 shares traded followed by Phosphagenics up 7.1 percent to 10.5 cents with 46,508 shares traded.

Prima and QRX climbed more than five percent; Acrux, Chemgenex, Heartware and Mesoblast were up more than one percent; with Cochlear, CSL and Resmed up more than half of one percent.

Virax led the falls for the second day in a row, down half a cent or 13.9 percent to 3.1 cents with 5.6 million shares traded, followed by LBT down half a cent or 5.9 percent to eight cents with 113,788 shares traded.

Benitec lost 3.45 percent; Clinuvel, Psivida and Universal Biosensors shed more than two percent; with Pharmaxis and Starpharma down more than one percent.

FEDERAL ELECTION 2010

Innovation Minister Senator Kim Carr has attacked the Federal Opposition for delaying the Labor Government's 45 percent research and development tax credit.

The tax credit measures are part of the 'Tax Laws Amendment (Research and Development) Bill 2010' introduced to Federal Parliament on May 13, 2010 and passed by the House of Representatives on June 17, 2010, but Parliament adjourned before the Bill could be brought to a vote in the Senate.

A media release from Senator Carr said that opposition to the Bill was "denying many businesses better assistance for research and development".

Senator Carr told the International Society of Pharmaceutical Engineers Australasia Leadership Forum in Sydney the tax credit was worth \$1.6 billion a year to business.

"The R&D Tax Credit is about boosting Australia's research and development performance and encouraging more of Australia's two million businesses to engage in innovation," Senator Carr said.

"It's an integral part of Federal Labor's economic plan to move Australia forward," Senator Carr said. "Tony Abbott and the Coalition have done Australian industry a great disservice by delaying the legislation in the Senate."

"This demonstrates how little Mr Abbott understands the economy. His lack of economic judgment makes him a huge risk to Australia's future," Senator Carr said.

He said that Federal Labor would pursue a start date of July 1, 2010 for the new tax credit and that it would be revenue neutral overall for the budget.

The Liberal party has previously told Biotech Daily that it had concerns with the Bill and would not pass it in its present form.

The Greens have not formally stated a position on the Bill but are believed to be inclined to support the research and development tax credit.

PRIMA BIOMED

Prima says its wholly-owned subsidiary Oncomab will collaborate with the Netherlands-based Bioceros on the development of a Cripto-1 cancer monoclonal antibody.

Prima chief executive officer Martin Rogers told Biotech Daily that Bioceros would cover the costs of preclinical work to humanize the antibody and then they would co-develop the Cripto-1 monoclonal antibody as an immunotherapy treatment for cancers.

Mr Rogers said Prima would pay 70 percent and Bioceros 30 percent of clinical trial costs.

Mr Rogers said the patents on the monoclonal antibody were part of Prima's portfolio.

In its media release to the ASX, Prima said Bioceros provided services related to the pre-clinical development of monoclonal antibodies and the generation of good manufacturing practice-ready protein producing cell lines.

Prima said Bioceros used its validated technology platform and pre-clinical development expertise to design and develop effective proprietary therapeutic monoclonal antibodies.

Prima said Cripto-1 was a protein found in high levels on the surface of a number of different types of malignant tumor cells.

The company said Cripto-1 facilitated the growth of tumor cells and contributed to their spread through the body.

Prima said the antibody worked by binding to the Cripto-1 molecule interfering with local development of the tumor and preventing distant seeding of tumor cells.

The company said the antibody could be administered in combination with cytotoxic or chemotherapy drugs to create an even more lethal potent additive effect on tumor cell destruction.

Prima was up half a cent or 5.6 percent to 9.4 cents with 14.0 million shares traded.

GIACONDA

Giaconda says it has sold its Myoconda, Heliconda and Picoconda patents to Israel's Redhill Biopharma for \$US500,000 plus seven percent of net sales.

Giaconda said the Tel Aviv-based Redhill would also pay 20 percent of sublicensing receipts after certain development costs have been deducted.

The company said the \$US500,000 (\$A558,000) payment was structured as an initial payment of \$US100,000 on the exchange of the agreement and \$US400,000 on completion of the agreement.

Giaconda said the \$US100,000 advance was secured by a fixed mortgage over all the intellectual property in Myoconda, Heliconda and Picoconda, as well as by "a featherweight floating charge over all the assets and undertakings of the company".

Giaconda said that Redhill would assume all costs for the development of the patents through to regulatory approval and would be responsible for the commercialization of the approved products.

Giaconda said it had an option to buy back the patents and the associated intellectual property at their acquisition and development cost if Redhill failed to commercialize the patents in accordance with the agreement.

The company said Redhill assumed Giaconda's rights to future gastrointestinal treatments or therapies developed by Giaconda founder, executive director and chief medical officer Prof Tom Borody or the Centre for Digestive Diseases.

Giaconda chief executive officer and acting chairman Patrick McLean said the sale was "the next step in our commercialization strategy for Myoconda, Heliconda and Picoconda and fulfils our promise to shareholders when we started the company".

"Redhill's team has a proven track record in commercializing pharmaceutical products," Mr McLean said.

Giaconda was up 0.1 cents or 3.3 percent to 3.1 cents.

NUSEP

Nusep has reported its first full-year net profit after tax for the 12 months to June 30, 2010 of \$3,291,709 compared to the previous year's \$2,741,323 loss.

Nusep said revenue from sales or services climbed 17.3 percent to \$2,403,549 compared to the previous corresponding period.

Nusep reported \$2,970,910 as "other income" an accounting measure relating to the Bioinquire acquisition (BD: Feb 18, 2010).

The company said net tangible assets per share was one cent at June 30, 2010 compared to a loss of \$1.04 at June 30, 2009.

Nusep said fully diluted earnings per share was 5.7 cents.

The company said it developed "innovative yet simple biological separation techniques including the world's first IVF sperm separation device".

Nusep said it was significant that the operational profit for the period was \$897,592 which included one month of the acquisition of the Bioinquire business.

Nusep executive chairman John Manus said the results were "a remarkable turnaround for this company and establishes Nusep as a major biotechnology player in the scientific consumables market".

Nusep said it was undertaking a buyback of its shareholders who hold less than \$100 of shares and two investor presentations were being held in Sydney today and in Melbourne tomorrow.

Nusep was up 1.5 cents or 5.45 percent to 29 cents.

LBT INNOVATIONS

LBT says its net profit after tax was up 341.5 percent to \$1,488,000 for the 12 months to June 30, 2010 on revenue up 76.3 percent to \$3,911,000.

LBT said the revenue figure included a \$3.4 million milestone payment from Biomérieux from the licence for its agar plate streaking device.

The company said the royalty from Biomérieux increased from the previous year's \$158,000 to the maximum under the agreement of \$319,000.

LBT said that its net tangible assets per share was 2.42 cents at June 30, 2010, compared to 0.89 cents at June 30, 2009.

The company said that diluted earnings per share was 1.5 cents compared to the previous year's 0.25 cents.

No dividend will be paid.

LBT fell half a cent or 5.9 percent to eight cents.

PRANA BIOTECHNOLOGY

Prana shareholders easily passed three resolutions relating to a share placements and prior share issue with just under five percent opposing a directors' resolution.

The resolution to approve a share placement was overwhelmingly passed by 26,430,450 proxy votes in favor and 698,533 proxy votes against, but a resolution to allow Prana directors to participate in the placement was opposed by 1,366,383 proxy votes or 4.96 percent to 26,191,021 proxy votes in favor.

The ratification of the issue of shares to Quintiles was passed by more than 52.2 million proxy votes to 667,533 proxy votes.

Prana was untraded at 13.5 cents.

CIRCADIAN TECHNOLOGIES

Licentia has increased its substantial shareholding in Circadian from 2,525,795 shares (5.59%) to 3,150,340 shares (6.79%).

Licentia is the commercialization arm of the University of Helsinki which created the original vascular endothelial growth factor (VEGF) technology acquired by Circadian.

Circadian was untraded at 66 cents.