



# Biotech Daily

Tuesday August 24, 2010

*Daily news on ASX-listed biotechnology companies*

- \* **ASX, BIOTECH DOWN: PRANA UP 11%; CELLESTIS DOWN 7%**
- \* **ACRUX POSTS \$47m MAIDEN PROFIT; REVENUE UP 1498% TO \$56m**
- \* **PHOSPHAGENICS APPOINTS THREE 'HEAVY-WEIGHT' DIRECTORS**
- \* **PRANA BROADENS ALZHEIMER'S, HUNTINGTON'S PATENT PROTECTION**
- \* **BRAIN RESOURCE PROFIT DOWN 47% TO \$2.2m; REVENUE UP 11%**
- \* **ITL CHANGES BOARD; CEO ON 'GARDEN LEAVE'; AVOIDS EGM**
- \* **SIX BIOTECHS AMONG COMPANIES SUSPENDED ON ASX FEES**
- \* **PHYLOGICA REQUESTS CAPITAL RAISING TRADING HALT**

## MARKET REPORT

The Australian stock market fell 1.08 percent on Tuesday August 24, 2010 with the S&P ASX 200 down 47.7 points to 4381.3 points.

Ten of the Biotech Daily Top 40 stocks were up, 14 fell, nine traded unchanged and seven were untraded. All three Big Caps fell.

Prana was best, up 1.5 cents or 11.1 percent to 15 cents with 85,000 shares traded, followed by Antisense up 7.1 percent to 1.5 cents with 165,000 shares traded.

Patrys climbed 4.2 percent; Viralytics and Virax were up more than three percent; Genera rose two percent; with Heartware up one percent.

Cellestis led the falls, down 19 cents or 7.1 percent to \$2.49 with 53,874 shares traded.

Cellmid, Phosphagenics and Tissue Therapies all lost five percent; Clinuvel fell 4.8 percent; Bionomics, QRX, Sunshine Heart and Universal Biosensors were down more than three percent; Alchemia and Impedimed shed more than two percent; with Prima and Resmed down more than one percent.

## ACRUX

Acrux has reported its first full-year net profit after tax for the 12 months to June 30, 2010 of \$46,554,000 on revenue – primarily from Eli Lilly - of \$56,101,000.

In March 2010, Acrux announced the licence of its Axiron testosterone replacement treatment to Eli Lilly for a total \$US670 million (\$A733 million) including \$US50 million in upfront fees, along with milestones and royalties (BD: Mar 16, 2010).

Acrux's revenue for the 12 months to June 30, 2010 was up 1,498 percent to \$56,101,000 compared to the previous year's \$3.5 million.

Revenue from product agreements including other licences was \$55 million with the balance coming from interest and government grants.

The company said net tangible assets per share was 36 cents at June 30, 2010 compared to nine cents at June 30, 2009.

Acrux said diluted earnings per share was 28.7 cents compared to the previous year's loss of 4.8 cents a share.

Acrux chief financial officer Jon Pilcher told Biotech Daily the company would not be paying a dividend for this financial year, but was expecting a further \$US87 million from Eli Lilly on US Food and Drug Administration approval of Axiron which he said was expected by March 2011.

"There is no dividend payment this year, but next year there will be, subject to FDA approval," Mr Pilcher said.

Mr Pilcher said the profit figure "was in line with the guidance" and he expected the profit figure would be "even better next year".

Acrux was up half a cent or 0.25 percent to \$2.00.

## PHOSPHAGENICS

Phosphagenics has appointed Stuart James, Dr Sandra Webb and Don Clarke as non-executive directors replacing Prof John Mills and Michael Ashton.

Phosphagenics said the appointments were intended to "formulate and facilitate the implementation of strategies to commercialize the company's research and development pipeline" and the three new directors had senior commercial experience at a time when the company was in transition from product development to product distribution and sales.

Phosphagenics said Mr James had an outstanding career at Mayne Pharma, where he began as chief operating officer and rose to group managing director.

Mr James is the chairman of Pulse Health, Prime Financial Group and Progen and is a non-executive director of Greencross.

Phosphagenics said Dr Webb was rejoining the company having served as pharmaceutical development advisor from February 2005 to June 2006.

Phosphagenics said Dr Webb was a director of Ground Zero Pharmaceuticals and had previously been a director of Ausbiotech, Amrad Corp and Quintiles, where she was managing director of Quintiles Australia.

Phosphagenics said Mr Clarke was a partner of law firm Minter Ellison, predominantly advising ASX-listed companies with an emphasis on technology and manufacturing, was the deputy chairman of Webjet and a director of Circadian Technologies.

Phosphagenics chief executive officer Dr Esra Ogru said that as the company was "building its product pipeline and commercial focus it is also strengthening its board".

"We welcome our three new directors who are all commercially savvy and heavy-weights in their respective fields," Dr Ogru said.

The directors join Harry Rosen, Dr Esra Ogru and Jonathan Addison on the board.

Phosphagenics fell half a cent or five percent to 9.5 cents.

## PRANA BIOTECHNOLOGY

Prana says it has secured key PBT2 patents in Europe and the US.

Prana said the US Patent and Trademark Office had granted a composition of matter patent for selected 8-hydroxyquinoline compounds, including its lead clinical asset, PBT2. The patent entitled '8-hydroxyquinoline derivatives' also covered pharmaceutical compositions containing PBT2 and selected 8-hydroxyquinoline compounds.

The company said the USPTO has extended the patent term by about two and a half years resulting in an expiry date of December 21, 2025, which might be further extended by the application of pharmaceutical extension of term provisions in that country.

Prana said that since announcing the grant of the related European case, the mandatory nine-month post-grant opposition period for objections had expired and the European case had been placed on the Register of European patents.

The company said the European patent had a 20 year term expiring on July 16, 2023, with a possible extension of up to five years under supplementary protection provisions.

Prana's executive chairman Geoffrey Kempler said the grant and extension of PBT2 patent rights in the US and securing European patent rights was "a critical milestone in our commercialization plans, offering opportunity in both Huntington's disease and Alzheimer's disease".

Prana was up 1.5 cents or 11.1 percent to 15 cents.

## BRAIN RESOURCE

Brain Resource says its net profit after tax was down 47 percent to \$2,214,000 for the 12 months to June 30, 2010 on revenue up 11 percent to \$8,145,000.

Brain said that its net tangible assets per share was 15.1 cents at June 30, 2010, a 19 percent increase above the 12.7 cents at June 30, 2009.

Brain fell 2.5 cents or 10.9 percent to 20.5 cents.

## ITL

ITL says co-founder William Leonard Mobbs and Sanjay Sehgal have been appointed as directors replacing Roy Rose and chief executive officer Brian Andrews.

ITL said Mr Andrews has resigned as chief executive officer "effective immediately and has been placed on garden leave".

The company said Mr Mobbs would act as interim chief executive officer while a replacement was found.

ITL said that the notice of shareholder requisitioned meeting received by the company on August 3, 2010, has been withdrawn.

Dr Mike Hirshorn resigned as an ITL director on August 11 and the following day, ITL told the ASX of the meeting requisitioned to consider the election of Dr Jagmohanbir Singh Dillon as a director (BD: Aug 11, 12, 2010).

ITL was unchanged at 6.5 cents.

## ASX SUSPENSIONS

Six biotechnology companies are among the 40 companies suspended by the ASX for failing to pay listing fees.

Among the companies listed by the ASX were Chemeq, Narhex, Norwood Abbey, Polartech, Portland Orthopaedics and Safety Medical.

All six companies were already suspended from trading on the ASX.

## PHYLOGICA

Phylogica has requested a trading halt pending an announcement “whilst the company undertakes a capital raising”.

Phylogica said that following its potential \$109 million agreement with Medimmune it was “continuing to pursue other large pharmaceutical and biotechnology groups regarding new discovery partnerships” using its Phylomer library (BD: Aug 4, 5, 18, 2010).

“The company is undertaking the capital raising to put itself in a sound financial capacity to deliver these services,” Phylogica said.

Trading will resume on August 26, 2010 or on an earlier announcement.

Phylogica last traded at 7.5 cents.