



# Biotech Daily

Tuesday October 26, 2010

*Daily news on ASX-listed biotechnology companies*

- \* **ASX DOWN, BIOTECH UP: PHOSPHAGENICS UP 14%; IMPEDIMED DOWN 7%**
- \* **GENETIC TECHNOLOGIES' PHENOGEN READIES FOR BREVAGEN SALES**
- \* **FOUNDER DR BRUCE GRAY BLOCKS SIRTEX CONSTITUTION CHANGE**
- \* **AGENIX BECOMES 'A CHINA DRUG PLAY WITH THROMBOVIEW'**
- \* **SIRTEX TO RAISE STAFF BY 40%; Q1 SALES UP 16%**
- \* **HATCHTECH RAISES \$6.3m FOR PHASE Iib DEOVO HEAD LICE TRIAL**
- \* **FLUOROTECHNICS HAS LITTLE CASH; CUTBACKS, SALES**
- \* **PSIVIDA VOTES ON 356k CEO, DIRECTOR OPTIONS**
- \* **AVITA VOTES ON 2.5m OPTIONS FOR CEO DR WILLIAM DOLPHIN**
- \* **OPTISCAN CHAIRMAN ANGUS HOLT TO TAKE SHARES IN LIEU OF PAY**
- \* **IAN MURIE REPLACED ACUVAX DIRECTOR DR ALEX BIRRELL**

## MARKET REPORT

The Australian stock market fell 0.47 percent on Tuesday October 26, 2010 with the S&P ASX 200 down 22.2 points to 4687.8 points. Fifteen of the Biotech Daily Top 40 were up, 13 fell, seven traded unchanged and five were untraded.

Phosphagenics was best, up 1.5 cents or 13.6 percent to 12.5 cents with 1.8 million shares traded, followed by Tissue Therapies up five percent to 42 cents with 291,158 shares traded. Novogen and Universal Biosensors climbed more than four percent; Immuron, Living Cell and Virax were up more than three percent; Alchemia and Pharmaxis rose more than two percent; with Chemgenex, Circadian, Heartware and Starpharma up more than one percent.

Impedimed led the falls, down six cents or 6.8 percent to 82 cents with 40,100 shares traded, followed by Antisense down 6.7 percent to 1.4 cents with 107,500 shares traded. Benitec and Viralytics lost more than five percent; Phylogica fell four percent; Cathrx and Prima were down more than three percent; Clinuvel and Optiscan shed more than two percent; with Bionomics, Biota, Cellestis, Nanosonics and Resmed down more than one percent.

## GENETIC TECHNOLOGIES

Genetic Technologies is preparing for the commercial sales of its Brevagen test for breast cancer risk.

Genetic Technologies chief executive officer Dr Paul MacLeman told Biotech Daily that the test was a combination of a saliva swab identifying the relationship of seven different genes and a targeted questionnaire producing a risk score.

Dr MacLeman said the test was more of a prognostic than a diagnostic, assessing the need for menopausal women with higher risk to take further action such as prophylactic estrogen modulating drugs or annual magnetic resonance imaging scans.

Dr MacLeman said Genetic Technologies bought the assets of the US Perlegen for \$1.25 million in April 2010 (BD: Apr 14, 2010).

He said US investors had contributed \$328 million to develop the test which Genetic technologies acquired along with several non-coding DNA patents.

In April, the company said Brevagen was a test that informed clinicians and patients about individual, non-familial, sporadic risk of breast cancer for women where a breast biopsy outcome was indeterminate.

Genetic Technologies said at that time, that 1.6 million biopsies were taken every year for breast cancer in the US with about one million indeterminate, representing a potential market of up to \$US500 million.

Today, Genetic Technologies said the launch of the Brevagen test in the US would be early next year, compared to the earlier hoped for roll-out by December 2010.

Dr MacLeman said the company had established Phenogen Sciences, a wholly-owned subsidiary in Charlotte, North Carolina, with general manager Lewis Stuart charged with creating a sales and marketing team.

Mr Stuart told Biotech Daily that he hoped to have 15 staff by the end of 2010 with sales beginning in January or February, targeted at cancer centres, obstetricians and gynaecologists and other specialist medical services and beginning with better insured states.

Mr Stuart and Dr MacLeman said the average cost of the test was about \$500 with patients having to pay between zero dollars and \$50 depending on their insurer.

Dr MacLeman said he believed it was the first time an Australian biotechnology company had appointed an advertising agency and said the company was able to fund the expansion through revenue from its licences and without the need for a capital raising.

Genetic Technologies was unchanged at 2.9 cents.

## SIRTEX

Sirtex founder and former chairman Dr Bruce Gray voted his 16.7 million shares or about 30 percent of the company against all resolutions at the annual general meeting.

All resolutions received about 25 million votes in favor and about 17 million votes against, but the change of constitution resolution failed because it required 75 percent support to be passed.

The resolutions included the remuneration report and the re-election of director John Eady. An increase in the maximum aggregate remuneration was passed by 24,360,733 votes to 17,099,168 votes with the approval of the executive performance rights plan passed by 23,028,113 votes to 18,456,535 votes and the issue of performance rights to chief executive officer Gilman Wong passed by 24,253,427 votes to 18,450,867 votes.

Sirtex was up five cents or 0.85 percent to \$5.90.

## AGENIX

Agenix executive chairman Nicholas Weston says his company has become “a China play” with its new hepatitis B drug, while continuing to commercialize Thromboview.

In an investor presentation at Fortrend Securities in Melbourne, Mr Weston said the company had recovered \$4.2 million from the failed attempt to acquire two Shanghai biopharmaceutical companies and expected a further \$3 million to be paid (BD: Feb 14, Jun 6, 2007; Jul 24, 2008). Agenix has a \$5 million draw-down facility with Fortrend.

Mr Weston said changes in the thromboses markets meant that there were new opportunities for the test for pulmonary embolisms and deep vein thromboses.

He said anti-coagulants had become standard procedure in treating cancer patients and Thromboview would be twinned to the anti-coagulant market.

Mr Weston said Thromboview had completed three phase I and two phase II trials and ordinarily would need to spend \$50 million for two phase III patients of 1000 patients each, but said that running the trials in China could reduce the cost to \$5 million and once commercialized, Agenix could take Thromboview to the US Food and Drug Administration. He said the coagulation therapy market was expected to increase from \$5.3 billion in 2005 to \$15 billion in 2021.

Mr Weston said Agenix lost the access to the Shanghai companies' drugs which included a hepatitis B drug, but had purchased AGX1009, an analog for hepatitis B, from Beijing's Institute of Medical Biotechnology and was working with state-owned companies to develop the drug (BD: Sep 8, 2010).

He said the market of hepatitis B drugs had grown from one million people on medication hepatitis B three years ago to three million today.

Agenix said earlier this month (BD: Oct 6, 2010) that it hoped to raise up to \$2.4 million through a share rights issue and share purchase plan at 2.5 cents a share.

The rights issue offer opened on October 21 and closes on November 19, 2010 and the share plan opens on November 19 and closes on February 18, 2011.

Agenix fell 0.3 cents or 13.04 percent to two cents with 1.5 million shares traded.

## SIRTEX MEDICAL

Sirtex says it will increase its staff by 40 percent following continued strong sales growth. In August, Sirtex reported sales of its SIR-Spheres for liver cancer up 14 percent for the year to June 30, 2010, despite a two percent fall in revenue (BD: Aug 26, 2010).

Today, Sirtex chief executive officer Gilman Wong said the company had a 16 percent sales increase for the three months to September 30, 2010 with 1,181 units attracting revenue of \$17.8 million, an increase of eight percent.

Sirtex said Mr Wong told the company's annual meeting that operating profit for the three months to September 30, 2010 was down 15 percent to \$4.6 million due to the strong Australian dollar and reinvestment for the infrastructure needed for long-term growth.

Mr Wong said the company had \$43.9 million cash and zero debt at September 30, 2010.

“It is important to note these results are in the context of continued economic uncertainty in our major markets of Europe and the US and the strength of the Australian dollar against the Euro and US dollar in which we earn most of our revenue,” Mr Wong said.

“In respect to foreign exchange, the business has a 50 percent natural currency hedge.

As our operations expand offshore the natural hedge will grow, thus reducing the impact of currency fluctuations on the business,” Mr Wong said.

Mr Wong said employee numbers would increase by about 40 percent over the next year as it worked to increase product sales and strengthen marketing and clinical support teams in Asia, Europe and the US.

## HATCHTECH

Hatchtech says it has raised \$6.3 million to conduct a phase IIa clinical trial for its ovicide head lice treatment.

The company said investors included the University of Melbourne Endowment Trust, GBS Venture Partners through an Australian Government innovation fund program, Uniseed and Queensland Biocapital Fund.

Hatchtech said Oneventures was a new investor through an Australian Government innovation fund.

Hatchtech said Deovo was a new therapy for treating head lice infestations and following the completed phase IIa study in adults, the funding would go to a phase IIb trial in the target paediatric population.

Oneventures executive director Dr Paul Kelly and QBF chief executive officer Dr Cherrell Hirst will join the board with Dr Kelly replacing retiring chairman Dr Stewart Washer.

The company said Uniseed chief executive officer Dr Peter Devine would replace Dr John Kurek as the Uniseed representative.

Dr Kelly said the executive team comprised founder and chief scientific officer Dr Vern Bowles and chief operating officer Dr Lewis Schulz and was looking to recruit a chief executive officer.

Hatchtech is a private company.

## FLUOROTECHNICS

Fluorotechnics says its net operating cash burn for the three months to September 30, 2010 was \$815,135 with cash at the end of the quarter of \$257,272.

Fluorotechnics said earlier this month that it had sold the US Gel Company for \$150,000 and was "scaling back operations and selling some or all of its assets" (BD: Oct 5, 2010).

Fluorotechnics has been suspended from trading and last traded at 3.8 cents.

## PSIVIDA

Psivida shareholders will vote on the grant of 220,660 options for chief executive officer Dr Paul Ashton along with a further 135,000 options for four directors.

The resolutions propose the issue of 45,000 options to chairman Dr David Mazzo, with 30,000 options each to Paul Hopper, Michael Rogers and Peter Savas.

Psivida said all options were exercisable at \$3.45 each

The meeting will be held at the Cambridge Room, Waltham Westin Hotel, 70 Third Avenue, Waltham Massachusetts on December 9, 2010 at 9am (USEST).

Psivida was up three cents or 0.5 percent to \$5.88 with 350 shares traded.

## AVITA MEDICAL

Avita shareholders will vote on the grant of 2,500,000 options for chief executive officer Dr William Dolphin.

The meeting will vote on the ratification of the issue of 4,944,324 shares to La Jolla Cove for its draw down facility and the re-election of director Dr Paul Watt.

The meeting will be held at the MGI Conference Room, Level 7, Quadrant Building, 1 William Street, Perth on November 30, 2010 at 4pm (AWST).

Avita was unchanged at 10 cents.

### OPTISCAN IMAGING

Optiscan says it has received a waiver from the ASX to issue shares in lieu of cash to executive chairman Angus Holt.

Optiscan said it would seek shareholder approval at its annual general meeting in November to remunerate Mr Holt in 2011 through the issue of shares in lieu of cash.

Optiscan fell 0.1 cents or 2.5 percent to 3.9 cents.

### ACUVAX

Acuvax says Ian Murie has been appointed as a director effective immediately, replacing Dr Alex Birrell.

Acuvax said Mr Murie had 30 years experience as a commercial lawyer providing services to clients including ASX-listed and unlisted companies.

The company said Mr Murie had expertise in corporate governance and was a director of Olea Australis and was non-executive chairman of Excalibur Mining from 2005 to 2009.

Mr Murie holds a Bachelor of Law degree and owns his own legal practice in West Perth.

Acuvax was up 0.1 cents or 50 percent to 0.3 cents.