



Biotech Daily

Tuesday February 16, 2010

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH UP: OPTISCAN UP 17%; LIVING CELL DOWN 8%**
- * **BIOGUIDE BRIEF: FORTNIGHTUS HORRIBILUS – AVX, CXS, CBZ**
- * **EXCHANGE RATE BLAMED FOR BRAIN RESOURCE PROFIT FALL**
- * **GENETIC TECHNOLOGIES SUES MONSANTO, 8 OTHERS ON PATENTS**
- * **FEDERAL COURT: SELECT'S DR MARTIN SOUST 'MANIPULATED MARKET'**
- * **NUSEP H1 REVENUE UP, LOSS DOWN, MAIDEN 'OPERATIONAL PROFIT'**
- * **FIVE ORGANIZATIONS COLLABORATE ON RESEARCH 'BIO-BANK'**
- * **NOMINATIONS OPEN FOR PM'S SCIENCE PRIZES**

MARKET REPORT

The Australian stock market was up 0.49 percent on Tuesday February 16, 2010 with the S&P ASX 200 up 22.3 points to 4567.8 points.

Fourteen of the Biotech Daily Top 40 stocks were up, 13 fell, six traded unchanged and seven were untraded.

Optiscan was best, up 1.1 cents or 17.2 percent to 7.5 cents with 100,000 shares traded, followed by Tissue Therapies up 9.1 percent to 24 cents with 2.4 million shares traded.

Acrux and Phylogica climbed more than five percent; Avexa, Patrys, Prana, QRX and Sunshine Heart were up more than three percent; with Clinuvel, LBT, Novogen and Starpharma up more than one percent.

Living Cell led the falls, down 1.5 cents or 7.9 percent to 17.5 cents with 88,198 shares traded, followed by Prima down 6.45 percent to 14.5 cents with 3.6 million shares traded.

Genetic Technologies lost 5.6 percent; Benitec fell 4.4 percent; Antisense was down 3.7 percent; Alchemia, Mesoblast, Nanosonics and Sirtex shed more than two percent; with Cochlear, Phosphagenics and Viralytics down more than one percent.

[MARC SINATRA'S BIOGUIDE BRIEF: CBIO, CHEMGENEX, AVEXA](#)

The last fortnight hasn't been good for biotech.

First, Avexa produced some very lacklustre results from its shortened phase III trial of apricitabine, then the US Food and Drug Administration attached a hunk of lead to Chemgenex's share price with pointed questions on its data.

Since it is scientifically proven (with p-values and everything) that these things come in threes, yesterday, saw the first biotech float for a long time, but it performed worse than any biotech float for an extremely long time.

CBio's listing yesterday was beautifully detailed in The Age by columnist Mark Hawthorne this morning. In short, CBio listed at a dollar yesterday morning and closed at 39.5 cents yesterday afternoon.

The writing was on the wall for the float. It initially aimed to raise \$35 million, was scaled back to \$13 million and then to \$7 million. \$7.1 million was raised in the end.

The culprit(s) appears to be short term investors who bought CBio at 50 cents in CBio's \$13 million pre-float capital raising in August last year - or possibly lower prices in previous years.

CBio must have hit some major milestones in the last six months to enable it to raise capital at \$1.00 just six months after raising it at 50 cents.

As I have said in the past, I don't like investing in biotech floats because they generally do pretty poorly (BD: Dec 18, 2008). Given share price performance of CBio, yesterday, that last line should be read with a strong air of understatement.

This should be a good year for biotech, but it won't be if we don't start leaving something on the table for the next person.

**Marc Sinatra
Analyst**

[BRAIN RESOURCE](#)

Brain Resource says foreign exchange issues turned a 330 percent increase in profit before tax for the six months to December 31, 2009 to a 78 percent fall.

Brain Resource said total revenue was up 30 percent to \$4,034,580 for the six months compared to the half year to December 31, 2008 and "profit after tax and excluding foreign exchange gains/losses" was up 262 percent to \$1,510,355, but actual profit after tax fell 78 percent to \$778,185.

"Foreign exchange movements were significant," the company said.

"A large gain arose in the prior period from the significant devaluation of the A\$/US\$ rate and its impact on our US\$ holdings," Brain Resource said.

"This reversed in the current period and resulted in a loss," the company said.

Former Prime Minister Paul Keating is a director of Brain Resource. As Treasurer, Mr Keating "floated" the Australian dollar allowing the dramatic changes in currency valuation. No dividend will be paid.

Brain Resource fell 1.5 cents or 5.1 percent to 28 cents.

GENETIC TECHNOLOGIES

Genetic Technologies has filed a patent infringement suit in the US District Court over its non-coding DNA technologies against nine parties, including Monsanto.

Genetic Technologies said the other respondents to the matter being heard at the Western District of Wisconsin Court were Beckman Coulter, Orchid Cellmark, Gen-Probe, Interleukin Genetics, Molecular Pathology Laboratory Network, PIC USA, Sunrise Medical Laboratories and Pioneer Hi-Bred International.

Genetic Technologies said it had put in place arrangements that it believed meant the patent infringement suit would not have a material adverse impact on its finances.

Genetic Technologies chief executive officer Dr Paul MacLeman told Biotech Daily the matter involved two patents, one entitled 'Intron sequence analysis method for detection of adjacent locus alleles as haplotypes' and the other entitled 'Genomic mapping method by direct haplotyping using intron sequence analysis'.

The company said that about \$50 million in fees had been generated from the granting of licences, with a further \$11 million in contracted annuity income to be received.

Genetic Technologies said a previous action involving Applera Corp was settled on favorable terms in December 2005 and it won a nullity action in the German Federal Patent Court and was expanding its licencing efforts in Europe.

Genetic Technologies fell 0.2 cents or 5.6 percent to 3.4 cents.

SELECT VACCINES, FEDERAL COURT, ASIC

The Federal Court has found that former Select vaccines chief executive officer Dr Martin Soust engaged in market manipulation and false trading.

ASIC said in a media release last night that it "obtained declarations today in the Federal Court that ... Dr Martin Soust, engaged in market manipulation and false trading".

ASIC said the declarations made by Justice Alan Goldberg related to the purchase of shares by Dr Soust in his mother's name on December 31, 2007, shortly before the close of the market for the calendar year" (BD: Jan 16, 2009).

"This purchase had the effect of increasing the price of the company's shares from 2.0 cents to 2.5 cents, a 25 percent increase," ASIC said.

On-line Federal Court documents say that Dr Soust placed "an order with Bell Potter Securities to purchase \$2,550 worth of shares in Select Vaccines Limited at market price on the Australian Stock Exchange".

The Court document is at: <http://www.austlii.edu.au/au/cases/cth/FCA/2010/68.html>.

ASIC said Justice Goldberg found that the purchase of shares had the effect of creating an artificial price for trading in Select Vaccines; and created a false and misleading market and price for trading in Select Vaccines shares.

ASIC said it alleged that it was Dr Soust's intention to increase the price of the shares to secure a performance bonus from Select Vaccines.

ASIC said Justice Goldberg also found that Dr Soust breached his director's duties, in that he failed to act in good faith in the best interests of Select Vaccines and improperly used his position as a director to gain an advantage for himself and Martin Soust & Co.

ASIC said a further hearing into whether Dr Soust should pay a pecuniary penalty and/or be disqualified from managing a corporation was set for April 7, 2010 in the Federal Court in Melbourne.

Separately, Select Vaccines remains a listed company with cash in the bank, royalty payments from a diagnostic as well as holding other assets, but its chief financial officer Richard Wadley told Biotech Daily the company was "considering its future".

Select was untraded at 0.7 cents.

[NUSEP](#)

Nusep says its gross profit for the six months to December 31, 2009 was up 46 percent to \$385,127 compared to the previous corresponding period.

Nusep said that revenue was up two percent to \$880,055 and the net loss after tax was down 91 percent from \$1,951,873 to \$182,303.

The company said it made a "maiden operational profit of \$89,984 in the six months to December 31, 2009" ahead of its budget forecast.

The company said it expected a full year profit of \$500,000.

Nusep was unchanged at 27.5 cents.

[MELBOURNE BIO-BANK](#)

Five organizations will establish a "bio-bank" of blood samples for research into the prediction and early diagnosis of diseases such as Alzheimer's and cancer.

A media release from the Commonwealth Scientific and Industrial Research Organisation said the collaboration with Monash University, the University of Melbourne, the Australian National University and Tasmania's Menzies Research Institute would establish a Melbourne-based bio-bank from blood samples from more than 10,000 healthy elderly Australians.

The CSIRO said that as cases of disease arose amongst the volunteers, researchers would be able to use stored blood samples stored for case-controlled studies.

The media release said samples would be compared from subjects with and without a particular disease, allowing researchers to discover and develop diagnostic tests for age-related disease and disability and to investigate factors that might contribute to healthy ageing.

The CSIRO said the bio-bank would complement Monash University's Aspree (aspirin in reducing events in the elderly) clinical trial - a separate clinical study examining whether routine use of low-dose aspirin delays the emergence of a range of chronic disorders including cancers, vascular disease and dementia in a cohort of 12,500 Australian and 6,500 US healthy volunteers aged 70 years and over.

The media release said the Aspree trial was funded by the US National Institutes of Health.

Aspree's executive officer Dr Robyn Woods told Biotech Daily the central bank would be held in Monash University's Department of Epidemiology at Melbourne's Alfred Hospital, with satellite banks in the ACT, Tasmania and the regions.

Dr Woods said the bio-bank would be available to qualified organizations for research purposes.

Monash University's head of public health and preventive medicine Prof John McNeil said the bio-bank, together with the matched data being collected in the Aspree trial, would provide an internationally significant and invaluable resource.

"It will enable researchers to conduct a broad range of future basic and translational bio-medical research including disease biomarker discovery and validation," Prof McNeil said. CSIRO senior researcher Dr Trevor Lockett said his organization was interested in using the bio-bank to aid its research into improving the methods used to diagnose colorectal cancer, Alzheimer's and other neurodegenerative diseases and obesity-related disorders.

PRIME MINISTER'S SCIENCE PRIZES

Innovation Minister Senator Kim Carr says nominations have opened for the 2010 Prime Minister's Prizes for Science.

A media release from the Department of Innovation said the Prime Minister's Prizes for Science were "the most significant science prizes in Australia and a fitting tribute to the brilliant work done by our scientists and science teachers".

The media release said past recipients included Australia's first woman Nobel laureate, Prof Elizabeth Blackburn, who received the predecessor to the Prime Minister's Prize for Science in 1998.

The media release said scientists and the science teachers who inspire them, "work tirelessly to enrich our lives".

"Their work makes a huge contribution to our economic, environmental and social well-being," the media release said.

The Prime Minister's Prize for Science is worth \$300,000 with four prizes each worth \$50,000: the Malcolm McIntosh Prize for Physical Scientist of the Year; the Science Minister's Prize for Life Scientist of the Year; the Prime Minister's Prize for Excellence in Science Teaching in Secondary Schools; and the Prime Minister's Prize for Excellence in Science Teaching in Primary Schools.

Nominations close on May 21, 2010.

For nominations and further information go to: www.innovation.gov.au/scienceprizes.