



Biotech Daily

Thursday December 15, 2011

Daily news on ASX-listed biotechnology companies

The Year In Review

The past 12 months have seen great caution in the biotechnology sector with the stand-out performance **Pharmaxis** snatching marketing victory from the jaws of European defeat.

It was a nervous few months for Pharmaxis staff and investors following the May 25 rejection by the European Committee for Medicinal Products for Human Use and subsequent 74 percent share slide, but **Australian Ethical, Orbis Investment Management**, several senior biotech executives and this writer placed their faith in Dr Alan Robertson and were rewarded on October 24 with European approval and a 70 percent share price improvement. Not to mention a successful \$80 million capital raising completed earlier this week.

Both **Mesoblast** and **Starpharma** received significant encouragement from the London M&G Group becoming substantial in their companies, but both are now in the waiting game for results and deals.

Starpharma also raised the not inconsiderable amount of \$35 million in a heavily oversubscribed placement and share plan and **Phosphagenics** raised \$27 million. **Biota** was awarded \$224 million by the US Government and **Neuren's** trial costs are covered primarily by US Army grants.

Which brings to the fore the major raisings of late last year and earlier this year by three offshore companies.

Bioniche (\$30m) has had an Australian share liquidity problem and we have not yet seen advances in its bladder cancer treatment. **Reva** (\$85m) faced a six month delay to scale-up manufacturing quantities of its cardiac stent and **GI Dynamics** (\$80m) has repositioned its Endobarrier from weight loss to diabetes treatment.

You can't say there isn't money available. If a company has the right board, right management, right technology and right story, funds seem to be available.

There have been other promising companies that have struggled to survive and the turnaround in the fortunes of Neuren and **Avita** – both supported by Australian Ethical, amongst others – has been welcome. Not to mention **Qiagen** paying \$365 million for Melbourne's **Cellestis**.

There have been some setbacks at the top, with **Cochlear's** recall of its Nucleus 5 implant hitting the share price from a high of \$85 a share to a low of \$45, while **CSL** has had repeated questioning about its processes from the FDA.

Other disappointments this year include **Alchemia's** fondaparinux parade being rained on by **Glaxosmithkline's** authorized generic, the failure of **Psivida** and **Alimera's** FDA approval for Iluvien, non-significant data for **CBio's** XToll, **Bionomics** anti-cancer drug BNC105 failed mesothelioma trial and Biota's Inavir missing a prophylaxis trial endpoint.

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Overall, for the year to November 30 the Biotech Daily Top 40 Index (**BDI-40**) was up 9.25 percent compared to the ASX200 falling 10.1 percent.

But in the five years to November 30, the BDI-40 was up 51.9 percent compared to the ASX200 falling 23.5 percent. Reasons to be cheerful.

The Biotech Daily CEO of the year award has to go to Dr Paul MacLeman for repairing **Genetic Technologies** from a low of 2.8 cents to a high of 35 cents. The company has been revitalized with licencing deals, new technology and a short AGM with no options for directors on the agenda.

The difficult choice came from a field including, but not limited to, Mesoblast's Prof Silviu Itescu, Starpharma's Dr Jackie Fairley, Cellestis's Dr Tony Radford, **QRX's** Dr John Holaday, **Antisense's** Mark Diamond, Phosphagenics' Dr Ezra Ogru and Harry Rosen, as well as **Acrux's** Dr Richard Treagus.

Perhaps the most significant event of the year will turn out to be the appointment of Greg Combet as Innovation Minister.

While Senator Kim Carr grew to understand and support innovation in general and biotechnology in particular, he was unable to transform the sector with the infrastructure a pro-active Federal Government could. He was no John Brumby or Peter Beattie.

Mr Combet has much greater clout in Cabinet and although his Hunter Valley electorate is a coal mining area, there are many biotech companies nearby to assist his understanding of how beneficial sunrise industries are to the economy. He also has people close to him who strongly support innovation, and he in turn is close to the Prime Minister.

The engagement with biotechnology by Victoria's new Minister for Innovation Louise Asher and her Minister for Technology Gordon Rich-Phillips has been very welcome, especially Ms Asher's acknowledgment of the role of the previous Government. The first investment of \$55 million has been relatively small, compared to say a Synchrotron, but these are tough times and we should be grateful not to have faced cuts.

The Biotech Daily award for industry campaigning goes to **Walter and Eliza Hall Institute** director Prof Doug Hilton for steering the Discoveries Need Dollars campaign to avoid savage Federal Budget cuts to the **National Health and Medical Research Council**, the core research that leads to the biotechnologies the sector attempts to commercialize.

We also salute all those who donned lab coats to take to the streets of Australia's cities to let the Federal Government know the campaign had both in vitro and in vivo support.

Biotech Daily's last formal edition for 2011 will be published tomorrow and we return on January 23, 2011. Any major breaking news over the summer holiday period will be reported as a news flash with details in the January 23 catch-up edition. A market cap update will be published on January 3, 2012.

The subscription price will have a slight increase in line with the Consumer Price Index of 3.5 percent to a base rate of \$820 in the New Year.

We wish all our readers a very relaxing Summer holiday break, Merry Christmas, a sunny Summer Solstice and a better biotech New Year in 2012.

David Langsam
Editor