



Biotech Daily

Tuesday July 27, 2010

Daily news on ASX-listed biotechnology companies

*** ASX, BIOTECH UP: ALCHEMIA UP 8%; GENETIC TECHNO DOWN 11%**

*** MEDIGARD \$4.8m RIGHTS ISSUE FOR US MANUFACTURE, SALES**

*** COGSTATE PROFIT UP 16% TO \$1.4m; REVENUE UP 12% TO \$9.4m**

*** NSW SUBSIDIZES AUSBIOTECH EXHIBITORS**

MARKET REPORT

The Australian stock market climbed 0.25 percent on Tuesday July 27, 2010 with the S&P ASX 200 up 11.3 points to 4497.4 points.

Fifteen of the Biotech Daily Top 40 stocks were up, 10 fell, eight traded unchanged and seven were untraded.

Alchemia was best, up 3.5 cents or 8.2 percent to 46 cents with 375,634 shares traded, followed by Cathrx up 7.7 percent to 21 cents with 24,088 shares traded.

Biota and Phosphagenics climbed more than four percent; Benitec, Bionomics, Novogen and Psivida were up more than three percent; Tissue Therapies and Universal Biosensors rose more than two percent; with Chemgenex, Heartware, Impedimed and Mesoblast up more than one percent.

Genetic Technologies led the falls, down 0.4 cents or 10.5 percent to 3.4 cents with 30,000 shares traded, followed by Clinuvel down 1.5 cents or 6.1 percent to 23 cents with 330,611 shares traded.

Nanosonics lost five percent; Cellmid, Living Cell and Virax fell more than four percent; Cellestis, Sirtex and Viralytics shed more than two percent; with Cochlear down 1.5 percent and Resmed down 0.97 percent.

MEDIGARD

Syringe and blood collection device developer Medigard hopes to raise \$4.8 million in a one-for-one share rights issue at 6.5 cents a share.

Medigard said the rights issue would support its US expansion, primarily manufacturing of its US Food and Drug Administration-approved blood collection device.

Medigard chief executive officer Peter Emery told Biotech Daily that his company's vacuum technology was easier to use and cheaper to produce than competitors and the company had taken several years to develop it and ensure patent coverage.

He said the FDA approval meant the device could be sold in the US.

Mr Emery said the blood collection device (BDC) which came without its own needle but locked onto existing needles and had been trialed in the US.

Mr Emery said the devices were designed in Queensland with prototypes manufactured in Taiwan and the company had a range of auto-retractable and manual retractable syringes ranging from 1ml to 10ml, as well as an intravenous valve.

He said the US market preferred products made in America and the funds from the rights issue would go towards US manufacturing costs with an unnamed manufacturer.

Medigard said it would offer shareholders up to 74,046,091 shares at 6.5 cents and each new share would have an attached option, exercisable at 9.5 cents by June 30, 2011.

The record date is August 6, the offer opens on August 10 and closes on August 25, 2010.

Medigard said it needed to raise a minimum of \$1.57 million for US production to begin.

The company said additional funds would support research and development, tooling, compliance, patenting and working capital.

Medigard said it had five-year production and manufacturing agreements with the unnamed US manufacturer and distributor, Outcome Solutions, a related entity of device company Ventlab Corp, for a licence to manufacture and distribute in the US and Canada.

The company said the agreements were "initially only for Medigard's blood collection device, [but] the agreements can extend to its other devices that include retractable safety syringes, intravenous valves and other products".

Medigard expects initial revenues from the agreements to flow within 18 months.

The company said that within 5 years, if extended across its product range, the agreements could deliver up to \$US40 million (\$A44.3 million) in annual revenue.

Medigard said the agreements were a three-way arrangement, with the manufacturer supplying the blood collection device to the distributor and Medigard receiving a royalty payment in the form of a licencing fee as its income of up to 15 US cents per device.

The prospectus is at: www.medigard.com.au/investor-centre

Medigard was up three cents or 33.3 percent to 12 cents.