



# Biotech Daily

Friday February 6, 2009

*Daily news on ASX-listed biotechnology companies*

- \* **ASX UP, BIOTECH DOWN: POLARTECHNICS UP 12.5%, TYRIAN DOWN 14%**
- \* **BIO-GUIDE BRIEF: PROGEN'S WEDDING AGENDA**
- \* **RESMED POSTS RECORD \$95m H1 PROFIT ON RECORD REVENUE**
- \* **VENTRACOR REQUESTS PRODUCT, FUNDING TRADING HALT**
- \* **BIOTA EARNS \$1.5m FROM RELENZA ROYALTY**
- \* **NANOSONICS APPOINTS DAVID SLACK DIRECTOR; BILL WIDIN GOES**
- \* **HEARTWARE APPOINTS DR KEITH AARONSON CO-INVESTIGATOR**
- \* **PHARMAUST PLACEMENT TO RAISE \$674k**

## MARKET REPORT

The Australian stock market climbed 1.2 percent on Friday February 6, 2009 with the S&P ASX 200 up 41.3 points to 3,469.9 points.

Eleven of the Biotech Daily Top 40 stocks were up, 14 fell, seven traded unchanged and eight were untraded.

Polartech was best, up 1.5 cents or 12.5 percent to 13.5 cents with 9,783 shares traded, followed by Viralytics up 5.26 percent to four cents and Genera up five percent to 21 cents.

Novogen climbed 4.71 percent; Alchemia and Resmed were up more than three percent, both on strong volumes; Avexa, Clinuvel, CSL, Impedimed and Pharmaxis rose more than two percent; with Arana and Sirtex up more than one percent.

Tyrian led the falls, down half a cent or 14.29 percent to three cents with 150,000 shares traded, followed by Antisense down 12.5 percent to 3.5 cents and Phosphagenics down 10 percent to nine cents.

Sunshine Heart lost 8.33 percent; Optiscan and Universal Biosensors fell more than seven percent; Psivida was down 6.36 percent; Biota and Starpharma were down five percent or more; Progen fell 3.91 percent; Acrux shed 2.22 percent; with Cochlear, Heartware and Prana down more than one percent.

## MARC SINATRA'S BIOGUIDE BRIEF: PROGEN AND AVEXA

Progen and Avexa, yesterday, both produced announcements that they hope will silence objectors to their proposed marriage.

Avexa, for its part, produced an independent report which valued its drug, apricitabine (ATC), at six to eight times the company's current market capitalization.

While I must admit that I have not read the whole 60-page report word-for-word, one significant issue did jump out at me.

It appears that those who prepared the report have assumed that regulatory success will result in Avexa finding a partner - and a good one, at that.

The significance of this is that finding a partner is the biggest risk the market sees in ATC.

This is highlighted by the fact that despite ATC seeming assured of gaining regulatory approval, no big pharmaceutical company has pounced on it yet. Why?

Meanwhile, in its response to Cytopia's hostile merger proposal, Progen focused its attack on the grey areas in Cytopia's merger proposal.

More interestingly, though, Progen has announced a record date of March 9, 2009 for voting in its extraordinary general meeting to approve the Avexa merger and share buy-back to be held on March 11, 2009, while announcing a record date of February 25, 2009 in yesterday's Appendix 3C notice, for participating in the share buy-back.

The winner of Progen's hand in marriage, consensual or arranged, is highly likely to be determined by major shareholders who want the maximum amount of cash they can get for their shares via a buy-back.

The real advantage of the Cytopia offer is that these major shareholders are likely to get the full \$1.10 for all of their shares, while with Progen's \$20 million dollar buy-back only a percentage of their shares will be bought back for \$1.10.

A record date for the buy-back well in advance of the EGM will restrict, to some extent, the ability of those who want to try to take advantage of the difference between the share price and the buy-back price from getting on Progen.

Those who do buy-in after February 25 will be able to vote for the merger, but may be unaware that they have missed the record date for the buy-back.

One thing is for certain, though, Progen will have a very good idea of how many shareholders will be participating in the buy-back and what percentage of their shares will be bought back well before the EGM.

Progen fell 3.5 cents or 3.91 percent to 86 cents.  
Avexa was up 0.2 cents or 2.5 percent to 8.2 cents.  
Cytopia was untraded at 11 cents.

## [RESMED](#)

Resmed's net profit after tax for the six months to December 31, 2008 was \$61.9 million (\$A95 million) on revenue up 13.5 percent to \$US440.9 million.

Resmed said revenue for the three months to December 31, 2008 was also a record of \$223.0 million a 10 percent increase over the December 31, 2007 quarter and a 16 percent increase on a constant currency basis.

Revenue was primarily from sales of devices for treating sleep and respiratory disorders. Resmed said research and development spending was \$US14.9 million or seven percent of revenue.

Earnings per share was 80 US cents. Resmed has not posted any dividends.

Resmed was up 22 cents or 3.58 percent to \$6.36.

## [VENTRACOR](#)

Ventracor has requested a trading halt pending an announcement on "material information concerning its product".

Ventracor said there was a potential "impact of such information on negotiations with parties interested in obtaining a strategic stake or acquiring the company".

Trading will resume on February 19, 2009 or on an earlier announcement.

Ventracor last traded at 8.3 cents.

## [BIOTA](#)

Biota has notification from Glaxosmithkline that Relenza sales were \$20.8 million for the three months ended December 31, 2008 with indicative royalties of \$1.46 million.

The previous quarter indicative royalty was \$1.9 million and compares to indicative royalties of \$12 million for three months to December 31, 2007. Biota's best quarter for indicative royalties was \$16.0 million in the three months to March 31, 2007.

Biota was down 2.5 cents or 5.62 percent to 42 cents.

## [NANOSONICS](#)

Nanosonics has appointed David Slack as a non-executive director effective from February 5, 2009.

Nanosonics said Mr Slack had more than 35 years experience in the business, finance and banking industries in Australia.

The company said he held senior positions with financial institutions including Suncorp Metway and Macquarie Bank.

At Macquarie Bank Mr Slack was an executive director and managing director of Macquarie Leasing. He was responsible for the formation of Macquarie Leasing and its development into a substantial business.

The company said William (Bill) Widin, who was appointed as a non-executive director on March 8, 2007, resigned on February 5, 2009.

Nanosonics fell half a cent or 1.96 percent to 25 cents.

## HEARTWARE

Heartware has appointed Dr Keith Aaronson as co-principal investigator for its US bridge-to-transplant trial.

Heartware said Dr Aaronson joined Dr Mark Slaughter, whose appointment as principal investigator was announced in December 2008 (BD: Dec 17, 2008).

Dr Aaronson is Medical Director of the Heart Transplant Program and Co-Director of the Heart Failure and Transplant Management Program at the University of Michigan Medical Center and a professor of Medicine in the Division of Cardiovascular Medicine at the University of Michigan.

Heartware said Dr Aaronson was a “renowned heart failure cardiologist” and a member of the editorial board of the American College of Cardiology Cardiosource Review Journal.

Dr Aaronson has authored more than 50 peer-reviewed publications and nine book chapters.

Heartware fell one cent or 1.43 percent to 69 cents.

## PHARMAUST

Pharmaust hopes to place 35,481,430 shares at 1.9 cents each to raise \$674,147.17.

Pharmaust said the placement would be to non-related parties under the company's 15 percent placement capacity and would not require shareholder approval.

The company said the funds would strengthen its balance sheet and give “greater flexibility to pursue one of its corporate strategies of identifying investment opportunities”.

Pharmaust said it would further enable the company “to look to expand the existing Epicchem business without reducing the existing cash balance of the company”.

Pharmaust fell 0.3 cents or 13.04 percent to two cents.