



# Biotech Daily

Friday March 25, 2011

*Daily news on ASX-listed biotechnology companies*

- \* **ASX UP, BIOTECH EVEN: CATHRX UP 19%; CELLMID DOWN 8%**
- \* **TGA APPROVES HEARTWARE'S HVAD HEART PUMP**
- \* **CHEMGENEX'S DO-OR-DIE TRADING HALT**
- \* **PHYLOGICA PLACEMENT RAISES \$5.2m**
- \* **CE MARK FOR CATHRX 1st GENERATION CATHETER**
- \* **GLOBAL KINETICS WINS \$250k VICTORIAN GRANT FOR PARKINSON'S**
- \* **CBIO PLEADS SCHULTZ, TRIAL DOSING TO ASX 46% PRICE QUERY**
- \* **IM MEDICAL MERGES RADIOLOGY OPERATIONS WITH CAPITOL HEALTH**
- \* **CYCLOPHARM APPOINTS CEO JAMES MCBRAYER CO SECRETARY**

## MARKET REPORT

The Australian stock market was up 0.91 percent on Friday March 25, 2011, with the S&P ASX 200 up 43.0 points to 4742.6 points.

Fourteen of the Biotech Daily Top 40 stocks were up, 13 fell, 10 traded unchanged and three were untraded.

Cathrx was best, up three cents or 18.75 percent to 19 cents with 96,627 shares traded, followed by Starpharma up 7.1 percent to \$1.135 with 2.2 million shares traded.

Mesoblast and Tissue Therapies climbed four percent or more; LBT and Universal Biosensors were up more than three percent; Acrux, Biota, Cellestis, Impedimed, Nanosonics, Pharmaxis and Viralytics rose more than two percent; with Phylogica up 1.4 percent.

Cellmid led the falls, down 0.2 cents or 7.7 percent to 2.4 cents with 2.0 million shares traded, followed by Prana down 7.4 percent to 25 cents with 3.5 million shares traded.

Genera lost 5.4 percent; Phosphagenics and QRX fell more than four percent; Alchemia, Benitec and Heartware were down more than three percent; Clinuvel shed 2.4 percent, with Genetic Technologies and Living Cell down more than one percent.

## HEARTWARE INTERNATIONAL

Heartware says Australia's Therapeutic Goods Administration has approved the Heartware ventricular assist system for listing on the Register of Therapeutic Goods. Heartware chief executive officer Doug Godshall said that as the company expanded the commercial markets for its miniaturized circulatory support device, "this milestone has special meaning for Heartware".

"Royal Perth Hospital and [Sydney's] St Vincent's Hospital in Australia are two of our five initial clinical sites, we first listed Heartware shares on the Australian Securities Exchange, and the clinical and financial communities within Australia have strongly supported our growth for many years," Mr Godshall said.

Heartware said more than 900 advanced heart failure patients had received the HVAD (Heartware ventricular assist device) pump.

The company said it received Conformité Européenne (CE) mark Approval in 2009 and in December 2010, filed a pre-market approval application with the US Food and Drug Administration.

Heartware said that in 2010 it generated revenue of \$US55 million, two-thirds of which were derived from international markets, compared with \$US24 million in 2009 revenues. Heartware fell 10 cents or four percent to \$2.42.

## CHEMGENEX PHARMACEUTICALS

Chemgenex has requested a trading halt pending an announcement "regarding a significant corporate transaction".

Chemgenex has until March 31, 2011 to provide trial data on Omapro for chronic myeloid leukemia to Cephalon (BD: Oct 22, 2010).

In October last year, Chemgenex said if the patient data collection and analysis process was completed by March 31, 2011, the charge on a Cephalon \$15 million convertible note would be released and no interest would be payable.

The deal announced in October said that Cephalon would be entitled to redeem the notes if the patient data collection and analysis process was not completed in accordance with agreed milestones.

Earlier this week Chemgenex chief executive officer Dr Greg Dr Collier told biotech Daily that his company would complete the data in time for Cephalon to review it before March 31 (BD: Mar 21, 2011).

Cephalon's option to acquire up to 19.9 percent of Chemgenex shares held by Stragen International and Merck Santé SAS, expires on the later of March 31, 2011 and one week after the completion of data collection and analysis.

The results of the first trial of Omapro for chronic myeloid leukemia patients with the T315I mutation have been published along with some data from the trial of patients that have failed two or more tyrosine kinase inhibitors.

In December 2010 Chemgenex presented the combined data at the American Society of Hematology meeting in Orlando Florida showing durable responses in up to one-third of leukemia patients, who had failed with several tyrosine kinase inhibitors

Cephalon will examine the detailed and updated combined data.

It is widely believed that if the results are positive, Cephalon will first exercise its option with Stragen and Merck giving it about 30 percent of Chemgenex's shares and then announce a takeover bid for Chemgenex.

Trading will resume on March 29, 2011 or on an earlier announcement.

Chemgenex last traded at 44 cents.

## PHYLOGICA

Phylogica says it has raised \$5.2 million through the placement of 88,135,594 shares at 5.9 cents a share to institutional and sophisticated investors.

Phylogica said the placement was led by New York's Ascent Biomedical Holdings.

The company said the placement "was significantly oversubscribed" and there would be on free attaching option exercisable at nine cents by June 30, 2016, for every two shares issued in the placement.

Phylogica said RBS Morgans acted as lead manager and Caris & Co acted as US placement agent to the capital raising.

The company said the placement would be issued in two tranches, with the first tranche comprising 28,000,000 shares and 14,000,000 options issued under the 15 percent placement capacity, with the second tranche comprising 60,135,594 shares and 30,067,797 options following shareholder approval on or around May 10, 2011.

Phylogica was up 0.1 cents or 1.4 percent to 7.1 cents.

## GLOBAL KINETICS CORP

Global Kinetics says it has been awarded a \$250,000 Victorian Government grant, for its Parkinson's disease Kinetigraph (PKG) system.

The Melbourne-based Global Kinetics said the Small Technologies Uptake voucher program grant would be matched by the Medical Research Commercialisation Fund.

Global Kinetics executive director Andrew Maxwell said that in the same way "that access to an objective measure of blood sugar levels changed the lives of diabetes sufferers, the PKG system offers objective measures of a [Parkinson's disease] patient's condition".

"We are at the forefront of changes in the management of Parkinson's disease symptoms that companies such as Lifescan pioneered in the diabetes industry in the early 1980s,"

Global Kinetics said the PKG system was a smart wrist-worn device remotely recording data about a patient's symptoms and able to reminded patients to take their medication.

Global Kinetics said the PKG System automatically generated a report for the patient's neurologist showing objective measures of the severity of the patient's movement disorder and the relationship between the consumption of medication and the patient's symptoms.

The company said that when commercialized, the system would "offer a new quality of life for sufferers of this incurable, degenerative disease, and will lower patient management costs for governments and health insurers".

The company said the Victorian Government grant would fund Grey Innovation to manufacture 15 PKG systems which would be provided to opinion-leading neurologists providing access to more than 150 patients.

Mr Maxwell told Biotech Daily that each PKG system had the software to analyze at least 10 wristbands at a time.

Global Kinetics said it was established in 2007 to commercialize technology from the Howard Florey Institute.

The company said the PKG system was devised by Howard Florey deputy director Prof Malcolm Horne and Dr Robert Griffiths who are Global Kinetics chief scientific officer and chief technology officer, respectively.

Global Kinetics said that more than 65,000 Australians had Parkinson's disease and Access Economics estimated the direct financial costs associated with the disease to be \$530 million with a total economic cost to Australia of \$6.8 billion annually.

The company said there were expected to be more than 12 million people with Parkinson's disease by 2015.

Global Kinetics is a private company.

## CATHRX

Cathrx says it has received Conformité Européenne (CE) mark for its first generation irrigated ablation catheter coupled with its variable deflectable stylet.

Cathrx said the catheter was the first approved for the treatment of cardiac arrhythmias.

Cathrx chief executive officer Jeff Goodman said that the CE mark showed "we have demonstrated a capability to produce a complete catheter offering for the diagnosis and treatment of atrial flutter and atrial fibrillation".

"I am also pleased to report that our second generation therapeutic catheter range development program is progressing on time and on budget and I believe the approval of the first generation will facilitate the approval of the second generation products in a timely manner," Mr Goodman said.

"It is not Cathrx's current intention to market the approved first generation therapeutic catheter range until after current partnership negotiations are complete," Mr Goodman said.

In January Cathrx engaged New York investment bank Oppenheimer & Co as its financial advisor to identify strategic catheter transactions with US partners (BD: Jan 16, 2011).

Cathrx was up three cents or 18.75 percent to 19 cents.

## CBIO

CBio has told the ASX that it is not aware of any information it has not announced which, if known, could explain recent trading in its securities.

The ASX said the company's share price rose from 54 cents on March 18, 2011 to 79 cents on March 24, 2011, a 46.3 percent increase and noted an increase in trading volume.

CBio said its phase II rheumatoid arthritis trial was expected to complete dosing in March 2011 (BD: Sep 3, 2010; Feb 22, 2011).

CBio fell three cents or 3.8 percent to 76 cents.

## IM MEDICAL

IM Medical says Capitol Health will acquire its radiology operations for 45.56 million shares and up to \$600,000 in cash, payable in three tranches over two years.

IM Medical said completion of the transaction was subject to formal documents being executed and IMI obtaining shareholder approval for the transaction.

IM Medical was developing and commercializing cardiac diagnostics and last year was taken over by the Mark Scott radiology group.

The company said it had an agreement for Capitol Health to manage its radiology operations in the intervening period.

IM chairman Nigel Blazé said the transaction gave shareholders "the opportunity to get an increased share of the growing health market, whilst allowing the ... board to consider new opportunities".

The company said it would become the largest shareholder in Capitol Health with a 13 percent shareholding in the expanded business.

IM Medical said Patersons Securities had been appointed lead manager for a capital raising and hoped finalize its financial report for the half year to December 31, 2010, which would result in shares being able to be traded.

IM last traded at 0.1 cents.

## CYCLOPHARM

Cyclopharm says that chief executive officer James McBrayer has been appointed company secretary replacing William Richardson.

Cyclopharm was up 0.2 cents or 3.8 percent to 5.5 cents.