



# Biotech Daily

Thursday April 7, 2011

*Daily news on ASX-listed biotechnology companies*

- \* **ASX; BIOTECH DOWN: CLINUVEL UP 13%; CELLMID DOWN 12%**
- \* **BIO-MELBOURNE NETWORK CONNECTS WOMEN AT MYER MELBOURNE**
- \* **VERVA AGM TO RAISE UP TO \$2.5m, RE-ELECT DIRECTORS**
- \* **BENITEC REQUESTS CAPITAL RAISING TRADING HALT**
- \* **MESOBLAST CITES CEPHALON'S VALEANT REJECTION LETTER**
- \* **HELICON APPOINTS COGENTUM CORPORATE ADVISER**
- \* **STIRLING SHARE PLAN TO RAISE UP TO \$2.5m**

## MARKET REPORT

The Australian stock market retreated 0.1 percent on Thursday April 7, 2011 with the S&P ASX 200 down 4.8 points to 4908.1 points.

Twelve of the Biotech Daily Top 40 stocks were up, 15 fell, four traded unchanged and nine were untraded.

Clinuvel was best, up 25 cents or 12.8 percent to \$2.20 with 155,852 shares traded, followed by Living Cell up 11.8 percent to 9.5 cents with 1.3 million shares traded.

Prima and Viralytics climbed more than six percent; Starpharma was up 4.5 percent; Genetic Technologies and Nanosonics rose more than two percent; with Tissue Therapies up 1.5 percent.

Cellmid led the falls, down 0.3 cents or 11.5 percent to 2.3 cents, with 2.0 million shares traded followed by Antisense down 10.5 percent to 1.7 cents with 142.0 million shares traded.

LBT lost 8.2 percent; Patrys fell 7.4 percent; Sunshine Heart was down 6.8 percent; Phosphagenics and Prana fell more than four percent; Alchemia was down 3.6 percent; with Bionomics, Impedimed, Pharmaxis, Phylogica, Sirtex and Universal Biosensors down more than one percent.

### BIO-MELBOURNE NETWORK

The Bio-Melbourne Network said its third 'Connecting Women in Biotechnology Luncheon' would be held in the Mural Hall of the Myer Melbourne Bourke Street shop.

Bio-Melbourne Network chief executive officer Michelle Gallaher said the annual lunch is was "an important opportunity to encourage the development of talent and connectivity amongst the many women who work in the biotechnology industry in Victoria".

The Network said the number of attendees at the lunch had increased by 50 percent over the last two years to 350 women in 2010.

"It comes at an important time in Australian workplace history where now, more than ever, we are looking to support and encourage women into more senior roles," Ms Gallaher said.

"The 'Connecting Women in Biotechnology Luncheon' goes some way to addressing this," Ms Gallagher said.

The Bio-Melbourne Network said the lunch would feature guest speakers from the Victorian biotechnology industry who would discuss their perspectives and experiences in the sector.

The Connecting Women in Biotechnology Luncheon will be held in the Mural Hall, Level 6, Myer Emporium, Bourke Street, Melbourne on June 3, 2011.

Registration will be from 11:45am with lunch from 12:30pm to 2:30pm.

To register go to: <http://www.biomelbourne.org/events/view/180>.

### VERVA PHARMACEUTICALS

Verva's annual general meeting will vote on resolutions to raise up to \$2.5 million and re-elect directors of the Chemgenex spin-out company.

Shareholders will be asked to vote on three resolutions relating to the issue of class A redeemable preference shares at 4.7 cents a share.

Verva chairman Dr Ian Nisbet told Biotech Daily that the resolutions related to potential investments by the three major shareholders Queensland Biocapital Fund (QBF), GBS Venture Partners and Uniseed and that investment also related to the GBS Ventures' Genesis Innovation Investment Follow-on Funds.

Dr Nisbet said the resolutions sought approval for the three major funds to invest \$1,500,000, with a potential further \$500,000 pending the achievement of specified milestones, as well as the right to raise a separate \$500,000 from existing shareholders and other potential investors.

The meeting will also vote on the reelection of directors Dr Nisbet, Dr Kathy Nielsen and Dr Andrew Baker.

The meeting will be held at Middleton's Lawyers, Level 25, 525 Collins Street, Melbourne, on April 29, 2011 at 9am (AEST).

Verva is a public unlisted company.

### BENITEC

Benitec has requested a trading halt pending an announcement "in respect of a proposed capital raising and changes to its capital funding arrangements".

Trading will resume on April 11, 2011 or on an earlier announcement.

Benitec last traded at 3.1 cents.

## MESOBLAST, CHEMGENEX PHARMACEUTICALS

Mesoblast says its strategic partner Cephalon has rejected the hostile takeover bid by Valeant Pharmaceuticals, saying it “significantly undervalues the company”.

Following the Valeant bid for Cephalon, some commentators questioned the impact on Cephalon takeover target Chemgenex and partner Mesoblast.

Both companies said the Cephalon contracts had specific clauses that the contracts would not be undone by a change of ownership or management (BD: Mar 30, 2011).

Today, Mesoblast quoted the Cephalon response to Valeant saying it “has created one of the broadest pipelines in the industry, with 10 late-stage product candidates targeted at novel and best-in-class therapeutics ... [including] six indications with blockbuster potential which are projected to begin launching in the next three years”.

Cephalon said the \$US73 a share offer “significantly undervalues the company, including the greater value ... from the company's strategic plan, especially the value inherent in the company's diversified and robust portfolio of marketed and pipeline products”.

The company said the valuation was based on a “worst-case scenario” and the 30-day average share price of \$US56.74 was near the stock's 52-week low, with “virtually no premium to Cephalon's 52-week high”.

Cephalon said the offer gave little value to Cephalon's pipeline including “six indications with blockbuster potential which are projected to begin launching in the next three years”.

“These programs represent tremendous value that is not reflected in Valeant's current proposal. Additionally, this proposal ignores the proven ability of the Cephalon Board and management to successfully identify, develop and commercialize pipeline opportunities,” Cephalon said.

The Cephalon statement is at: <http://www.cephalon.com>.

Mesoblast was unchanged at \$7.77.

Chemgenex was up half a cent or 0.8 percent to 65 cents.

Last night, Cephalon closed down 35 US cents or 0.45 percent at \$US77.02 with 7.2 million shares traded.

## HELICON GROUP

Helicon says it has appointed consultancy group Cogentum to develop a strategy to maximize the return on its existing assets.

Helicon said Cogentum would help Helicon prepare Vibrovein and Breatheassist for licencing negotiations to generate early positive revenue flows.

Helicon originally hoped to acquire 100 percent of Leading Edge Instruments, including its disparate technologies to reduce pain associated with injections and to reduce snoring, respectively, but acquired 81 percent earlier this year, at the same time that it appointed Fabio Pannuti as a director (BD: Nov 10, 2010; Feb 25, 2011).

Today Mr Pannuti was described as the managing director, with his appointment announced in a media release entitled ‘Product Development Strategy’ on March 9, 2011.

The company said Cogentum would help assist in “highlighting opportunities in potential deals currently being evaluated by the company”.

Helicon said it was “evaluating several potential acquisitions that complement the existing portfolio of assets within the Helicon stable and subject to formal signing of agreements with the counterparties; announcements will be made detailing the preliminary nature of these transactions in the near future”.

Last year Helicon had two of products refused approval in China and lost its contract with Avita (BD: Mar 29, Apr 1, May 31, 2010).

Helicon was up 0.2 cents or 6.7 percent to 3.2 cents.

## STIRLING PRODUCTS

Stirling hopes to raise up to \$2,480,000 through the issue of up to 620,000,000 shares at 0.4 cents each.

Stirling said shareholders eligible at the record date of April 5, 2011 would be able to apply for parcels of shares from \$2,000 to \$15,000.

Stirling said the share plan would open on April 13 and close on May 2, 2011.

Stirling said it hoped to “spinout its Telemedcare interests, potentially through global region licenses, with the first of these planned to be in process by June 30, 2011”.

Stirling said last year it appointed New York’s Crucible Capital to raise a non-dilutive \$US10 million for an equity position in Telemedcare (BD: Oct 25, 2010).

Stirling also said to would acquire 65 percent of Telemedcare for \$511,302 (BD: Jul 22, 2010).

Stirling was unchanged at 0.4 cents with 27.35 million shares traded.