



Biotech Daily

Friday May 13, 2011

Daily news on ASX-listed biotechnology companies

- * **ASX UP, BIOTECH DOWN: VIRALYTICS UP 30%; BIONICHE DOWN 14%**
- * **BIONOMICS CASHED-UP AND READY TO GO**
- * **PATRY'S CONTRACTS LAUREATE FOR PAT-LM1 PRODUCTION**
- * **HEARTWARE INVESTORS KEEP TIGHT REIN ON EXECUTIVE PAY**
- * **MEDIVAC COMPLETES METAMIZER 240SSS WASTE SYSTEM**
- * **VERVA AGM APPROVES \$2m**
- * **CEPHALON CREEPS UP TO 74% OF CHEMGENEX; EXTENDS OFFER**

MARKET REPORT

The Australian stock market rebounded 0.33 percent on Friday May 13, 2011 with the S&P ASX 200 up 15.3 points to 4711.4 points.

Eleven of the Biotech Daily Top 40 stocks were up, 14 fell, 12 traded unchanged and three were untraded. All three Big Caps were up.

Viralytics was best for the second day in a row, up 2.3 cents or 29.9 percent to 10 cents with 72.3 million shares traded, followed by Antisense up 20 percent to 1.2 cents with 3.3 million shares traded and Phosphagenics up 10.3 percent to 16 cents with 1.6 million shares traded.

Sunshine Heart climbed five percent; Benitec and Genera were both up 4.2 percent; Heartware, Prima and Virax were up more than three percent; Tissue Therapies was up one percent; with Cellestis, Cochlear, CSL and Resmed up by less than one percent.

Bioniche led the falls, down 18 cents or 14.0 percent to \$1.07 with 75,000 shares traded, followed by Bionomics and Genetic Technologies both down 12.5 cents to 63 cents and 24.5 cents, respectively, with 6.8 million shares and 1.6 million shares traded, respectively.

Mesoblast lost 5.4 percent; Impedimed fell 4.5 percent; Biota and Starpharma were down more than three percent; Clinuvel shed 2.1 percent; with Acrux, Alchemia, Phylogica and Sirtex down more than one percent.

BIONOMICS

Bionomics has raised \$14.25 million through the placement of 25,000,000 shares at 57 cents a share, the same price as the Start-up Australia sale (BD: May 12, 2011).

Bionomics chief executive officer Dr Deborah Rathjen told Biotech Daily that with the sale and lease-back of the Adelaide headquarters, Bionomics had a total of more than \$22 million and a runway of more than two years.

Dr Rathjen said the next focus of the company would be a licencing deal for the BNC210 anti-anxiety drug.

Dr Rathjen said that the spread of Start-up Australia's 60,000,000 shares to institutional investors gave Bionomics a high quality register of major shareholders.

Bionomics said Southern Cross Equities was lead manager and sole book-runner for the placement with Linwar Securities as co-manager and Greenhill Caliburn as financial adviser.

Bionomics fell nine cents or 12.5 percent to 63 cents with 6.8 million shares traded.

PATRYS

Patrys says it has extended its relationship with Laureate Biopharmaceutical Services to manufacture lead product PAT-LM1 for preclinical and clinical use.

Patrys said that production project of the natural human antibody had begun and that PAT-LM1 had been shown to have anti-cancer properties in multiple animal models, including a potent effect in models of pancreatic, lung and colon cancers.

Patrys said the Princeton, New Jersey-based Laureate was a full-service biopharmaceutical contract manufacturing organization with extensive experience in the production of both clinical and marketed products in the biotechnology sector.

The company said it had an existing arrangement with Laureate for the production of another lead anti-cancer product, PAT-SM6, in a clinical trial for melanoma.

Patrys said the PAT-SM6 project at Laureate was "very successful with production yields far exceeding expectations".

Patrys chief executive officer Dan Devine said that securing the manufacturing for PAT-LM1 was "an important milestone toward evaluating PAT-LM1 in a first-in-human clinical trial".

Patrys was unchanged at 14 cents.

HEARTWARE

All 13 resolutions at the Heartware annual general meeting were passed overwhelmingly except one dealing with frequency of approval of executive compensation.

In the meeting materials Heartware said that Section 951 of the 2010 US Dodd-Frank Wall Street reform and Consumer Protection Act required the company seek a non-binding advisory vote from stockholders on how frequently it should include a proposal regarding the approval of the compensation awarded to our executives.

Heartware provided investors with options of one, two or three years (or abstaining) and the directors supported a three year review.

But Heartware investors divided with 5,902,137 proxy votes in favor of an annual review, 163,955 proxy votes supporting a biennial review and 5,021,309 proxy votes supporting a triennial review.

The Dodd-Frank Act was introduced following the global financial crisis and addresses a range of issues including executive pay.

Heartware was up seven cents or 3.4 percent to \$2.12.

MEDIVAC

Medivac says it has completed production of its first new Metamizer 240 SSS clinical waste converter.

Medivac said the Metamizer simultaneously sterilized and shredded clinical waste on site. The company said the Metamizer provided hospitals, quarantine facilities, medical research and other health-care facilities "with a proven and environmentally friendly way of dealing with clinical waste" eliminating safety and environmental problems caused by the transport and incineration of hospital waste.

The company said the Metamizer 240 SSS could treat 32 240-litre bins per 8-hour shift with the volume to landfill reduced by up to 90 percent and did not use incineration or chemical treatment to reduce transport and storage requirements.

Medivac executive chairman Paul McPherson said the completion of the first Metamizer 240SSS was "a major milestone in the history of Medivac ... the culmination of many years of research, development and work".

The company said the Metamizer would go through rigorous testing.

Medivac was up 0.1 cents or 25 percent to 0.5 cents with 3.1 million shares traded.

VERVA PHARMACEUTICALS

Verva says it has completed its \$2 million financing across two tranches with GBS Venture Partners, Queensland Biocapital Funds and Uniseed.

Verva said the investors were issued dividend-bearing class A preference shares with associated redemption rights and liquidation preferences.

The public unlisted company said the funds would be used to complete its phase IIa trial of lead product VVP808 for type 2 diabetes, as well as preclinical work on target identification and validation (BD: Jun 18, 2009).

Verva said investment was approved by shareholders at Verva's annual general meeting on April 29, 2011 when shareholders re-elected directors Dr Andrew Baker and Dr Ian Nisbet and elected Dr Kathy Nielsen as a director.

Verva said the meeting approved a further investment of up to \$500,000 class A preference shares to be made available to institutional or sophisticated investors within the next six months.

Verva was spun out from Chemgenex in 2007 and is a public unlisted company.

CHEMGENEX

Cephalon says it has increased acceptances for its Chemgenex takeover bid from 224,574,961 shares (71.62%) to 233,362,049 shares (74.42%).

Cephalon said it had received acceptances for 9,410,275 options or 85.94 percent of the listed options.

The bid is conditional on receiving 90 percent of shares and options and trading over the past fortnight appeared to be from one buyer acquiring or attempting to acquire more than 10 percent of the listed options. Cephalon can remove conditions at any time.

The listed options, exercisable at 68 cents, expire in February 2012.

Separately, Cephalon extended the offer to June 6, 2010.

Chemgenex was unchanged at 69 cents.