



Biotech Daily

Friday May 27, 2011

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH UP: PHARMAXIS UP 30%; VIRAX DOWN 6%**
- * **SWEDEN - FIRST EUROPEAN APPROVAL FOR ACRUX'S ELLAVIE**
- * **CEPHALON LIFTS CHEMGENEX OPTION CONDITION; 2% SHARES TO GO**
- * **BNP PARIBAS TAKES LOSS, REDUCES TO 7% OF PHARMAXIS**
- * **NUSEP PROFIT TURNS TO LOSS; ADDITIONAL DIRECTORS SOUGHT**
- * **UBS AG TAKES 5% OF PROBIOTEC**
- * **ACUVAX HOPES TO RAISE \$275k**

MARKET REPORT

The Australian stock market climbed 0.51 percent on Friday May 27, 2011 with the S&P ASX 200 up 23.8 points to 4684.0 points.

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

Pharmaxis was best, climbing as much as 25.5 cents or 36 percent to 96.5 cents, closing up 21 cents or 29.6 percent at 92 cents with 19.5 million shares traded, followed by Living Cell up one cent or 11.1 percent to 10 cents with 172,000 shares traded.

Patrys climbed 7.7 percent; Genera was up 6.5 percent; Cathrx and Phylogica were up more than five percent; Clinuvel and Genetic Technologies were up more than four percent; Prima, Starpharma, Sunshine Heart and Viralytics were up more than three percent; Acrux rose 2.3 percent; with Biota, CSL, Impedimed and Resmed up one percent or more.

Virax led the falls, down 0.13 cents or 5.7 percent to 2.2 cents with 635,994 shares traded, followed by Universal Biosensors down 3.7 percent with 270,171 shares traded. Bionomics shed 2.7 percent. QRX, Sirtex and Tissue Therapies were down one percent or more.

ACRUX

Acrux says Sweden's Medical Products Agency has granted marketing authorization for its Ellavie estradiol spray for treating menopause symptoms.

Acrux said the oestrogen therapy market outside the US was valued at \$US360 million a year.

The company said that in Europe, skin patch and gel transdermal therapies accounted for about half of the oestrogen therapy market.

Acrux said that marketing applications for Ellavie were under review by regulatory authorities in Switzerland, South Korea and South Africa.

The company said that the granting of the Swedish authorization allowed it to seek marketing approvals in other European countries under a mutual recognition procedure.

Acrux chief executive officer Dr Richard Treagus said the first European drug approval "places us in a strong position to actively engage potential marketing partners for the European market".

Acrux's estradiol spray was approved by the US Food and Drug Administration in 2007 and has been marketed as Evamist in the US since 2008 (BD: Jul 31, 2007; Apr 15, 2008).

Acrux was up eight cents or 2.3 percent to \$3.62.

CHEMGENEX

With acceptances for 88 percent of Chemgenex shares, Cephalon has removed the condition of 90 percent of listed options and extended the offer to June 14, 2011.

While Cephalon has had a steady flow of acceptances for its shares, one or more parties acquired what appeared to be a blocking ownership of more than 10 percent of the listed options, buying options at up to 35 cents each. Cephalon offered two cents each for the options, exercisable at 68 cents each by February 8, 2012.

With the defeating condition lifted, Cephalon needs acceptances for 90 percent of Chemgenex shares by the close of the offer extended from June 6 to June 14, 2011.

Biotech Daily believes that Section 664A (2) of the Corporations Act 2001 provides that with 90 percent of the voting shares and 90 percent of the value of the target company, the bidder can proceed to compulsory acquisition without 90 percent of the listed options. Separately Cephalon said it had increased acceptances for its Chemgenex takeover bid from 263,297,471 shares (83.97%) to 276,642,228 shares (88.22%).

Cephalon said it had increased Chemgenex listed options acceptances from 9,480,417 options (86.58%) to 9,493,339 options (86.70%).

Chemgenex was unchanged at 69.5 cents.

PHARMAXIS

BNP Paribas Investment Partners has reduced its substantial holding in Pharmaxis from 19,012,549 shares (9.77%) to 15,473,162 shares (6.78%).

BNP Paribas said that between February 13, 2009 and May 25, 2011 it bought 9,215,205 shares for \$23,679,223 or an average price of \$2.57 and sold 12,173,517 shares for \$20,601,670 or an average price of \$1.69.

The company said the registered holders of the shares included Citicorp Nominees, BNP Paribas Fund Services, JP Morgan Nominees, State Street Nominees, National Nominees, UBS Nominees, HSBC Nominees and Goldman Sachs (Asia).

Pharmaxis climbed as much as 36 percent closing up 21 cents or 29.6 percent at 92 cents with 19.5 million shares traded.

NUSEP

Nusep expects its previously forecast \$1.8 million profit for the 12 months to June 30, 2011 to turn into a \$2.5 million loss.

Nusep said four factors contributed to the expected loss including the need to invest a further \$1.3 million in its Singapore plasma business; a \$1.2 million profit shortfall in the IQ software business; \$1.1 million of non-operational expenses including amortisation and depreciation; and \$600,000 of legal expenses relating to recovery of the Nxgen funds and protecting its intellectual property over its separation gels.

The company said sales of the IQ software division were "a significant disappointment". The company said this was in part due to the delay of a new release, but more to the pricing model that required customers to obtain capital approval for a software package purchase.

"This is a significant barrier for university users where as consumable purchases of software are common place for our customers," Nusep said.

The company said the issues had been resolved and significantly sales since May 1 had exceeded the previous three months combined.

Since mid May 2011 an annual licence fee alternative had been offered bringing the cost within most consumables budget limits of customers.

Nusep said it was due to make a further payment of three times the net profit for the year ended June 30, 2011 if the net profit was above \$US500,000.

As this is unlikely Nusep will not be making any further payments for the purchase of this business, the company said.

Nusep said the existing business was on target and IQ sales had improved.

The company said its board wanted to bring on additional skills in finance, information technology and biotechnology industry knowledge and was looking to appoint one of these as an independent chair of the board.

Nusep was untraded at 18 cents.

PROBIOTEC

UBS AG and related bodies have become substantial shareholders in Probiotec with the acquisition of 2,763,909 shares or 5.02 percent.

The initial substantial shareholder notice issued from Hong Kong said that UBS Australian and London became substantial with prime broker agreements and that 3,024 shares were held by Citicorp Nominees.

Probiotec was up 2.5 cents or 6.4 percent to 41.5 cents.

ACUVAX

Acuvax hopes to raise \$275,000 through the issue of 550,000,000 shares at 0.05 cents a share.

Acuvax said it would require share holder approval for part of the placement as well as the issue of a further 190,000,000 shares in lieu of \$95,000 for corporate advisor GBU Capital.

Acuvax fell 0.1 cents or 50 percent to 0.1 cents with 3.6 million shares traded.