



Biotech Daily

Wednesday June 1, 2011

Daily news on ASX-listed biotechnology companies

- * **PHARMAXIS DRUGS MAY BDI-40 DOWN 3.8%; ASX200 DOWN 2.4%
- BENETIC UP 158%, VIRALYTICS UP 81%, GENETIC TECH UP 60%**
- * **TODAY: ASX, BIOTECH FLAT: BENITEC UP 12%; LIVING CELL DOWN 8%**
- * **CEPHALON TAKES CHEMGENEX; COMPULSORY ACQUISITION**
- * **PHOSPHAGENICS AGM CLEAR WIN, DISSENT ON EXECUTIVE SHARES**
- * **PHARMAUST'S EPICHEM WINS \$1.8m CONTRACT EXTENSION**
- * **BONE SHARE ISSUE EGM**
- * **PROBIOTEC SELLS NON-CORE ASSETS, LOSS-MAKING BUSINESSES**
- * **NORWOOD SHAREHOLDERS BACK CHINESE COAL MINING**
- * **GREG, JO-ANNE BEIRNE TAKE 9% OF BENITEC**

MARKET REPORT

The Australian stock market was flat on Wednesday June 1, 2011 with the S&P ASX 200 down one point to 4707.3 points.

Twelve of the Biotech Daily Top 40 stocks were up, 11 fell, 10 traded unchanged and seven were untraded.

Benitec was the best, up 0.4 cents or 11.8 percent to 3.8 cents with 67.7 million shares traded, followed by Cellmid up 0.3 cents or 10.7 percent to 3.1 cents with 3.6 million shares traded and Impedimed up 10 percent to 66 cents with 5,440 shares traded.

Optiscan climbed 8.7 percent; Compumedics was up 5.3 percent; Clinuvel was up 3.3 percent; Alchemia and Psivida rose more than two percent; with Acrux, Cellestis and Sirtex up more than one percent.

Living Cell led the falls, down 0.7 cents or 7.6 percent to 8.5 cents, with 578,863 shares traded, followed by Phylogica down 4.2 percent to 6.9 cents with 674,207 shares traded.

Circadian, Prima and QRX lost more than three percent; Genetic Technologies, Mesoblast and Viralytics shed two percent or more; with Anteo, Biota, Cochlear and Starpharma down one percent or more.

BIOTECH DAILY TOP 40 INDEX (BDI-40)

If not for the Pharmaxis \$422 million or 61.9 percent tumble, May would have been another solid month for the Biotech Daily Top 40 Index (BDI-40).

Excluding Pharmaxis, the BDI-40 would have been up 1.3 percent. But biotechnology is a high risk/ reward sector, so the hard news is that the BDI-40 fell 3.8 percent in May, compared to the S&P ASX200 down 2.4 percent.

For the 12 months to May 31, 2011, the BDI-40 continued to outperform the Australian benchmark index, up 66.1 percent compared to the ASX200 up 6.3 percent.

Overall, 16 companies were up, 20 fell and four were unchanged. The sector was more volatile than in recent months with seven companies up more than 25 percent and five companies down by more than 20 percent.

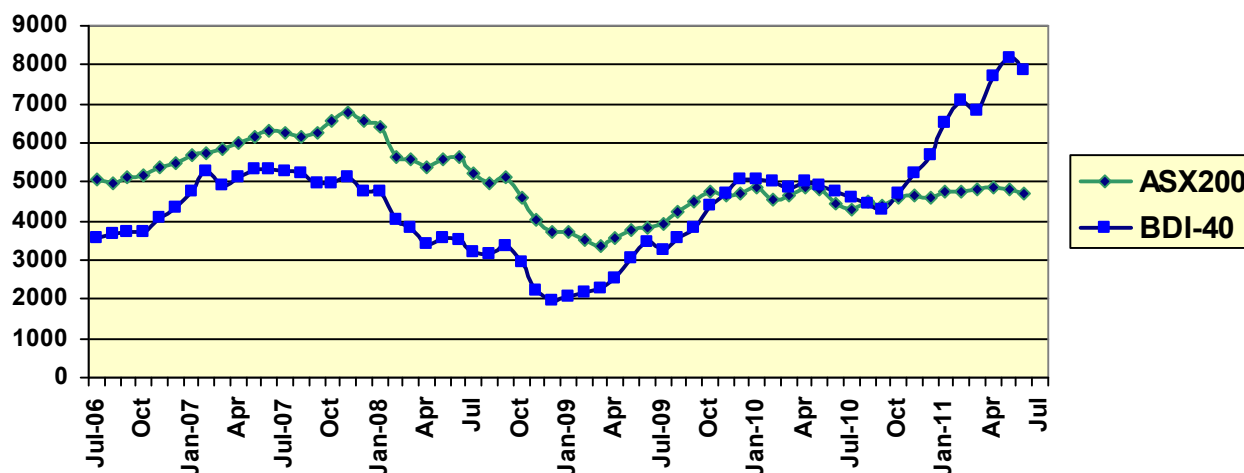
The Big Caps of Cochlear, CSL and Resmed (which are not included in the BDI-40) fell 3.1 percent in May and were down 1.1 percent for the year to May 31. Cochlear slipped 0.9 percent to \$4,527 million, Resmed climbed 2.7 percent to \$4,653 and CSL fell \$412 million or 2.2 percent to \$18,046 million.

Benitec was the best for the month, up \$18 million or 158.3 percent to \$31 million, a price it hasn't seen since August, 2007. Benitec raised \$8 million in May and has secured its RNAi intellectual property portfolio. Viralytics was up 80.6 percent to \$56 million, followed by Genetic Technologies up 60.3 percent, Phylogica (38.1%), Advanced Surgical (37.5%), Bionomics (30.3%) and Starpharma (25.3%).

Pharmaxis closed the month down \$422 million or 61.9 percent to \$260 million, followed by LBT down 33.3 percent to \$4 million, Universal Biosensors (25.1%), Bioniche (22.5%), Cathrx (20.7%), Living Cell (18.9%), Prana (18.6%) and Compumedics (16.7%).

Biotech companies raised \$76.9 million in May. With the departure of Chemgenex, Prima Biomed will be promoted to the BDI-20 and Anteo Diagnostics to the Second 20.

BDI-40 v ASX200 Jul 1, 2006 to May 31, 2011



CHEMGENEX

Cephalon says it has received acceptances for 90.49 percent of Chemgenex's shares and will proceed to compulsory acquisition.

Cephalon said the offer was free of all defeating conditions and shareholders and listed option holders who had accepted the offer would be sent their cash consideration within five business days, while those who accepted after today's date would be sent their consideration within five business days after Cephalon CXS received their acceptance. Chemgenex closed unchanged at 69.5 cents.

PHOSPHAGENICS

All resolutions to the Phosphagenics annual general meeting were passed by large majorities, but a significant numbers of shareholder opposed executive bonus resolutions. The election of directors Jonathan Addison, Dr Sandra Webb, Don Clarke and Stuart James were passed by more than 250 million votes from more than 290 holders to fewer than one million votes from fewer than 10 holders.

But the vote narrowed on the issue of shares and approval of a 'conditional rights' scheme for Dr Esra Ogru and Harry Rosen, with as many as 107 shareholders representing 11,770,620 shares opposing the granting of the conditional free shares (BD: May 2, 2011). Nevertheless, the resolutions were passed easily, with more than 173 shareholders representing more than 238 million shares supporting the grant.

Phosphagenics was unchanged at 14.5 cents.

PHARMAUST

Pharmaust says wholly owned subsidiary, Epichem has been awarded an 18 month extension to its contract with Drugs for Neglected Diseases Initiative worth \$1.77 million. Pharmaust said the contract was due to finish on June 30, 2011, but Epichem would continue to provide synthetic and medicinal chemistry support to the Initiative's drug discovery projects until December 30, 2012.

Epichem managing director Dr Wayne Best said the company was "delighted to have been given the opportunity to continue contributing to the important work undertaken by [Drugs for Neglected Diseases Initiative]".

Pharmaust said the Initiative was a not-for-profit product development partnership working to research and develop new treatments for neglected diseases, in particular human African trypanosomiasis, leishmaniasis, Chagas disease, malaria, paediatric HIV, and specific helminth-related infections.

Pharmaust was unchanged at 2.5 cents.

BONE MEDICAL

Bone shareholders will vote to issue shares and options to Proxima Laboratory and Research Services and to its directors in lieu of cash payments.

The company proposes to issue shares and options to Dr Roger New a director of Proxima and Bone as well as shares and options to directors and companies Leif Jensen, Prof Peter Brooks, Dr Barry Walker, Leon Ivory, Ivory & Co, La Jolla Cove Investors.

The meeting will be held at Ledger Corporate, Suite 1A, 46 Ord Street, West Perth, Western Australia on June 30, 2011 at 4pm (AWST).

Bone was up 0.1 cents or five percent to 2.1 cents.

PROBIOTEC

Probiotec says it will dispose of non-core assets and close its loss-making operations, following a strategic review.

Probiotec said the review resulted in initiatives to improve the strategic focus, business operations and future financial performance of the Company.

The company said the core business was branded products, contract manufacturing and intellectual property.

Probiotec said the branded over-the-counter products had seen "strong performance in pharmaceuticals but disappointing results in weight loss and some overseas markets".

The company said that by expanding its contract manufacturing, it would be able to achieve steady, reliable ongoing revenue and earnings base.

Probiotec said its intellectual property included "a stable of products in advanced stages of development, along with six clinical trials currently in progress and two registrations recently completed and a further 16 registrations in progress".

Probiotec said the non-core assets to be disposed included its Queensland manufacturing site in Bundaberg and several other assets.

The company said some loss making businesses would be closed "within a timeframe and within a manner to ensure that these activities cease the negative impact".

Probiotec said the timetable for each of these initiatives varied and in certain cases would depend on the processes in asset disposal activities, but should be completed by December 31, 2011.

The company said that on completion of the strategic initiatives the annualized increase in earnings before interest, tax, depreciation and amortization was expected to be in the range of \$3.6 million to \$4.1 million.

Probiotec said that if all non-core assets were successfully divested, it expected to realize \$8.2 million to \$10.2 million in cash proceeds, which would reduce net debt.

Probiotec fell three cents or 7.9 percent to 35 cents.

NORWOOD ABBEY

Norwood Abbey says shareholders have overwhelmingly supported a series of resolutions to become a coal mining with interests in China (BD: Sep 29, 2009).

Most resolutions were passed overwhelmingly with the greatest dissent seeing about 224 million proxy votes in favor with five million proxy votes against.

Norwood Abbey was once involved in developing needle-free injection devices, vaccine technologies, was involved in a phase II cancer trial using bone marrow rejuvenation, and laser eye surgery, as well as owning decreasing percentages of the UK based Norwood Immunology.

Norwood was untraded at 0.6 cents.

BENITEC

Greg and Jo-Anne Beirne have become substantial shareholders in Benitec with the acquisition of 80,862,973 shares or 8.9 percent.

The initial substantial shareholder notice said the shares were acquired for \$2,140,000 or an average price of 2.65 cents a share.

Mr and Ms Beirne of Kellyville New South Wales said their superannuation fund Klip Pty Ltd and private companies Rotherwood Enterprises and Beirne Trading were related parties.

Benitec was up 0.4 cents or 11.8 percent to 3.8 cents with 67.7 million shares traded.

BIOTECH DAILY'S TOP 40 WITH MARKET CAPITALIZATION

Company \$Am	June 2010	May 2011	June 2011
Cochlear	4,116	4,569	4,527
CSL	18,188	18,458	18,046
Resmed	5,795	4,527	4,653
BDI-20			
Acrux	313	581	614
Alchemia	106	131	132
Bionomics	103	185	241
Biota	199	217	216
Cellestis	262	326	321
Clinuvel	73	58	56
Genera	32	18	18
Heartware	918	950	963
Impedimed	75	109	94
Living Cell	71	37	30
Mesoblast	294	2,280	2,257
Nanosonics	122	204	184
Pharmaxis	694	682	260
Phylogica	19	21	29
Prima	97	283	286
Sirtex	267	297	284
Starpharma	129	312	391
Sunshine Heart	20	53	55
Tissue Therapies	24	77	83
Universal Biosensors	217	223	167
Second 20			
Advanced Surgical	12	8	11
Anteo	27	53	72
Antisense	8	10	10
Benitec	14	12	31
Bioniche	92	138	107
Cathrx	18	29	23
Cellmid	7	11	11
Circadian	30	33	30
Compumedics	23	18	15
Genetic Technologies	14	63	101
LBT Innovations	8	6	4
Optiscan	7	7	6
Patrys	23	37	32
Phosphagenics	115	119	119
Prana	37	59	48
Psivida	82	83	81
QRX Pharma	115	245	263
Uscom	17	13	14
Viralytics	20	31	56
Virax	12	5	4

* Biotech Daily editor, David Langsam, owns shares in Alchemia, Biomd, Bionomics, Biota, Chemgenex, Neuren, Optiscan, Pharmaxis, Sunshine Heart and non-biotechnology stocks. Through Australian Ethical Superannuation he has an indirect interest in Atcor, Circadian, Pharmaxis, QRX and Tissue Therapies. These holdings are liable to change.

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