



Biotech Daily

Tuesday July 26, 2011

Daily news on ASX-listed biotechnology companies

- * **ASX UP, BIOTECH DOWN:**
 - **PHARMAXIS UP 8%; ADVANCED SURGICAL DOWN 22%**
- * **CAREFUSION TO DISTRIBUTE RESMED'S STELLAR VENTILATORS**
- * **IMMURON TRAVELAN GOOD FOR EURO E COLI, IN VITRO**
- * **TRANSGENE COMPLETES VIRAX TG1042 MANUFACTURE**
- * **CYCLOPHARM LOSES NEW DIRECTOR ALEXANDER BEARD**
- * **CORRECTION: SUNSHINE HEART**
- * **LIVING CELL, SPRINGTREE CLOSE EQUITY DRAW DOWN FACILITY**
- * **ITL UNAUDITED RETURN TO PROFIT**
- * **SECOND NASDAQ WARNING LETTER FOR NOVOGEN**
- * **STIRLING IN VOLUNTARY ADMINISTRATION**

MARKET REPORT

The Australian stock market climbed 0.95 percent on Tuesday July 26, 2011 with the S&P ASX 200 up 42.9 points to 4573.3 points. Eleven of the Biotech Daily Top 40 stocks were up, 13 fell, 11 traded unchanged and five were untraded. All three Big Caps fell.

Pharmaxis was the best, up 8.5 cents or 8.4 percent to \$1.10 with 638,212 shares traded, followed by Bionomics up 7.75 percent to 69.5 cents with 370,431 shares traded.

Virax climbed 4.55 percent; Prana was up 3.1 percent; with Mesoblast, Patrys, Universal Biosensors and Viralytics up more than one percent.

Advanced Surgical led the falls, down five cents or 21.7 percent to 18 cents with 16,000 shares traded; followed by Circadian down six cents or 9.4 percent to 64 cents with one solitary share traded and Benitec down 9.1 percent to three cents with 22.2 million shares traded.

Psivida lost 6.7 percent; Heartware and Phylogica fell four percent or more; Living Cell was down 3.2 percent; Genetic Technologies shed 2.4 percent with Biota, Prima, Resmed and Starpharma were down one percent or more.

RESMED

Resmed says Carefusion will distribute the Resmed Stellar 100 and 150 non-invasive ventilators and related accessories in the US institutional healthcare market.

Resmed said the San Diego-based Carefusion had a five year distribution contract, effective immediately, which would provide strategic benefits to both companies.

Resmed said Carefusion would have a more competitive offering in the institutional non-invasive ventilators market, which was expected to grow by more than six percent a year.

Resmed said the agreement provided "a timely introduction of its new ventilation products" through Carefusion's long-standing relationships with US hospitals, long-term acute care and skilled nursing facilities and Carefusion would also market and sell the Stellar 100 and 150 related accessories, including tubing and filters.

Resmed said the Stellar 100 and 150 were cleared by the US Food and Drug Administration earlier this year.

Resmed said the Stellar ventilators were "small, quiet, and versatile and deliver ... high-quality ventilation performance for adult and pediatric patients, with both invasive and non-invasive applications".

The company said the products included its leak-compensation algorithm, Ticontrol and on-screen waveforms for managing leak and patient-ventilator synchrony, which were two common problems that occurred when administering non-invasive ventilation in an institutional setting.

Resmed said the Stellar ventilators were also portable with a built-in rechargeable battery. Resmed fell four cents or 1.4 percent to \$2.90 with 4.5 million shares traded.

IMMURON

Immuron says in vitro testing has demonstrated that its Travelan diarrhoea treatment binds strongly to Escherichia coli (E coli) O104 surface antigen.

Immuron said the O104 form of E coli was the sub-type shown to cause the most recent outbreak of food poisoning in Europe.

The company said Travelan could reduce the risk of infection in those exposed to the European E coli outbreak strain as it does for other pathogenic varieties of E coli.

Immuron chief executive officer Joe Bains said the in vitro result "provides an opportunity for Travelan, with its proven safety profile, to be expanded from its current indications".

Immuron was unchanged at 7.2 cents.

VIRAX HOLDINGS

Virax says France's Transgene has completed manufacturing the final batch of TG1042 for its phase I/II basal cell carcinoma clinical trials.

Virax said the release of the product was important for a clinical trial exemption application to be made to the Australian Therapeutic Goods Administration for trial approval and the batch release was "a significant milestone".

Virax said that through its licencing agreement with Transgene it had sufficient TG1042 to conduct the phase I/IIa and additional later stage trials and the process was scalable which would streamline commercial level manufacture of TG1042.

Virax said TG1042 was being developed as an alternative, or adjunct, to surgery to minimize unwanted outcomes that can accompany difficult surgeries of the face and neck.

Virax said it had a collaborative arrangement with Frances Nantes University Hospital investigating the efficacy of TG1042 as a melanoma treatment (BD: Jun 10, 2011).

Virax was up 0.1 cents or 4.55 percent to 2.3 cents, with 1.5 million shares traded.

CYCLOPHARM

Cyclopharm says recently-appointed non-executive director Alexander Beard has resigned, effective from today.

Cyclopharm said Mr Beard was appointed in May as a casual director and had told the company he was “unable to dedicate sufficient time to the role ... due to other demands on his time” (BD: Apr 29, 2011).

Cyclopharm fell 0.7 cents or 14 percent to 4.3 cents.

SUNSHINE HEART

Last night's edition reported Sunshine Heart raising \$4.6 million in the US and said a placement for a further \$9.1 million was expected to be raised in Australia from clients of RBS Morgans, pending shareholder approval.

Sunshine Heart chief financial officer Jeff Mathiesen has told Biotech Daily that the second tranche was expected to be raised in the US, Canada and Australia and the company had not discussed banking firms for the second tranche.

In announcing the placements in a notice of extraordinary general meeting last week, Sunshine Heart said it would ask for shareholder approval for the placements “to existing institutional stockholders and institutional clients of Summer Street Research Partners and/or RBS Morgans” (BD: Jul 18, 2011).

The mistake was made by a sub-editor recently acquired from a leading British tabloid newspaper, who says it was the most humiliating day of his life.

Sunshine Heart was unchanged at four cents.

LIVING CELL TECHNOLOGIES

Living Cell says it has agreed to terminate its \$5,750,000 equity draw down facility with Springtree Special Opportunities Fund (BD: Jan 16, 2011).

Living Cell said the agreement would be terminated by mutual consent with effect on or about August 1, 2011.

The company said Springtree retained a convertible security of \$175,000, which was not affected by the termination of the agreement.

Living Cell chairman Roy Austin said the company was “grateful to Springtree for its support in the first two quarters of this year” and the facility provided funds for the development of Diabecell, which attracted interest and investment from Otsuka and Jiangsu Aosaikang Pharmaceutical Co (BD: Mar 9, Apr 12, 2011).

Living Cell fell 0.2 cents or 3.2 percent to six cents.

ITL

ITL says its restructure has generated a return to profitability for the year to June 30, 2011 with an unaudited profit before tax of about \$1 million.

ITL said earnings before interest taxation depreciation and amortization before restructuring costs of \$3.5 million to \$4 million, with revenue stable at \$41 million.

The medical devices, procedure packs and equipment company said the total debt net of cash balances was reduced from \$7 million to \$3 million and it had significantly reduced total inventory from \$11 million to \$7 million.

ITL executive chairman Bill Mobbs said the company was “very pleased with the progress made in returning the business to profitability during the year”.

ITL was up 1.3 cents or 17.3 percent to 8.8 cents.

NOVOGEN

The Nasdaq Stock market has told Novogen that at July 21, 2011 it had 30 consecutive business days with the closing bid price below the minimum \$US1 a share.

Novogen said the minimum share price bid was a requirement for continued inclusion on the Nasdaq Capital Market under Nasdaq Rule 5450(a)(1).

The company said that each American Depositary receipt represented five ASX-traded shares and the Nasdaq letter had no bearing on its ASX listing.

Novogen said the Nasdaq provided a grace period of 180 calendar days, or until January, 17, 2012 to regain compliance by maintaining a minimum closing bid price of \$US1 a share for a minimum of 10 consecutive business days during the grace period.

The company said it intended to pursue steps leading to compliance.

In April, Novogen returned to Nasdaq listing compliance by trading above \$US1 a share, having received a notice from the Nasdaq in July 2010 saying it was not in compliance with listing requirements and allowing 180 days to correct the non-compliance and then being granted a further 180 day grace period (BD: Jul 23, 2010; April 12, 2011).

Novogen was up one cent or 6.25 percent to 17 cents.

STIRLING PRODUCTS

William Buck administrator Robert Whitton has told the ASX that he was appointed voluntary administrator of Stirling Products yesterday July 25, 2011.

The announcement to the ASX gave no further details.

In 2009, Stirling claimed 100 percent efficacy in treating drug-resistant tuberculosis patients with its natural product Immunoxel citing a 12-patient Kiev, Ukraine trial of (BD: Apr 16, 2009).

Stirling managing director and former Victoria Police officer, Peter Boonen, told Biotech Daily his company was involved in the commercialization of Immunoxel and the intellectual property was owned by the Kiev-based Ekomed.

The company also claimed the supplement worked for swine flu (BD: Apr 29, 2009) and AIDS (BD: May 11, 2009).

In 2010, Stirling said it had bought a \$20 million factory for \$4 million (BD: Mar 3, 2010), acquired an inhaler device (BD: Apr 29, 2010) and added kidney health to its Immunoxel claims, along with claiming support from Kidney Health Australia and Governor General Quentin Bryce, but the Governor General's office told Biotech Daily that Ms Bryce opened Kidney Week, but did not mention Stirling Products or the partnership (BD: May 25, 2010). Despite Appendix 4C announcements that it was low on funds, Stirling said it had acquired the \$7 million Telemedcare for \$511,000 (BD: Aug 3, 2010) and a profitable pathology business for \$3 million in shares (BD: Sep 16, 2010).

In November 2010 Stirling proposed to issue 1,616,657,716 new shares to cover its placements acquisitions convertible notes and provide working capital (BD: Nov 2, 2010). The company hoped to raise \$6 million in December but by February 2011 had lowered expectations to \$3 million (BD: Feb 8, 2011).

In June Stirling said it had lost its newly-appointed chief executive officer Jeremy Cocks, was attempting to sell its Sydney properties, was attempting to list on London's Alternative Investment Market and wanted to issue 2.6 billion new shares (BD: Jun 7, 2011).

Stirling entered into trading halts on several issues and last traded at 0.2 cents.