



Biotech Daily

Thursday August 4, 2011

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH DOWN: COMPUMEDICS UP 9%; PRIMA DOWN 20%**
- * **ALCHEMIA 'DELIGHTED' BY LONG-AWAITED FONDAPARINUX LAUNCH**
- * **CELLESTIS DECLARES 6c SPECIAL DIVIDEND**
- * **EASTLAND OPTION RIGHTS ISSUE TO RAISE \$491k**
- * **BLACKROCK RETURNS TO SUBSTANTIAL IN CSL**
- * **VIRALYTICS DEFERRED SETTLEMENT TRADING; CODE**
- * **LEAF ENERGY'S CEO KEN RICHARDS STARTS ON \$190k**

MARKET REPORT

The Australian stock market fell a further 1.3 percent on Thursday August 4, 2011 with the S&P ASX 200 down 56.3 points to 4276.5 points.

Fifteen of the Biotech Daily Top 40 stocks were up, 17 fell, four traded unchanged and four were untraded.

Compumedics was the best, up 0.7 cents or 8.6 percent to 8.8 cents with 20,000 shares traded, followed by Phosphagenics up 8.3 percent to 13 cents with 942,448 shares traded.

Alchemia, Cellmid, Impedimed, Nanosonics, Optiscan and Virax climbed more than four percent; Sunshine Heart rose 2.8 percent; with Pharmaxis up 1.6 percent.

Prima led the falls, down five cents or 20.4 percent to 19.5 cents, with 104.7 million shares traded, followed by Genera down 12.5 percent to 14 cents with 60,000 shares traded.

Viralytics lost 8.8 percent; Living Cell was down 7.7 percent; Starpharma fell 5.8 percent; Anteo, Circadian and Prana were down more than three percent; Biota, Genetic Technologies, Mesoblast, Patrys and Phylogica shed more than two percent; with Cochlear and QRX down more than one percent.

ALCHEMIA

Alchemia says it is “delighted to announce the launch of generic fondaparinux sodium for injection, in the United States by its marketing partner Dr Reddy’s Laboratories”.

Alchemia had been waiting for approval of the drug since late 2009 and the FDA issued its notice of allowance last month (BD: Jul 13, 2011).

The company said the launch covered 2.5mg/0.5 ml, 5.0mg/0.4 ml, 7.5mg/0.6 ml and 10.0mg/0.8 ml doses of the drug in pre-filled, color-coded, single-dose syringes with an automatic needle safety device.

Alchemia said US sales of the branded version of the drug, Arixtra, marketed by Glaxosmithkline, were \$US340 million in the 12 months to May 2011.

Alchemia chief executive officer Dr Pete Smith said the approval and launch of fondaparinux was “a major achievement for Alchemia and its partner Dr Reddy’s”.

“Alchemia is fortunate in now having a launched product as well as an advanced pipeline of potential cancer therapeutics,” Dr Smith said.

“We strongly believe this pipeline will be the source of significant shareholder value in the future,” Dr Smith added.

Alchemia said fondaparinux was “extremely difficult” to manufacture at scale and its improved process for the manufacture of fondaparinux, licenced to Dr Reddy’s, was covered by two issued and two pending patents in the US.

The company said that given the significant scale of barriers to entry for other competitors, it was likely that its generic fondaparinux would face limited competition in the foreseeable future.

Alchemia said that EU approval filing would take place after the expiry of a 10-year period of data exclusivity in 2012 and could not take place until that time as a chemically identical product needs to reference the original preclinical and clinical data of the branded product in order to gain approval as a generic.

In July, Dr Smith told Biotech Daily that the approval would deliver “tens of millions of dollars per year” to the company once the sales were “up to speed”.

Dr Smith said at that time that Alchemia would earn a share of profits with Dr Reddy’s.

“With a generic drug the take up is very quick, so the market share is gained very quickly,” Dr Smith said.

“A new drug can take five to six years [to gain market share] but a generic is measured in quarters,” Dr Smith said.

Alchemia was up 2.5 cents or 4.1 percent to 63.5 cents.

CELLESTIS

Cellestis has declared a fully franked special dividend of six cents per share, subject to the scheme of arrangement with Qiagen being implemented.

Cellestis said the record date for the dividend was August 18, 2011 and most shareholders at the record date of August 22, 2011 would receive \$3.74 per share from Qiagen.

When Qiagen increased its offer last month Cellestis chief executive officer Dr Tony Radford told Biotech Daily that as part of the deal, he and founder Dr James Rothel would not receive the extra 25 cents on the 19.9 percent of their combined shares over which Qiagen had an option to acquire (BD: Apr 4, Jul 11, 2011).

Cellestis said if the scheme was implemented the special dividend and consideration were expected to be paid to shareholders by September 1, 2011.

Cellestis was up one cent or 0.3 percent to \$3.77.

EASTLAND MEDICAL SYSTEMS

Eastland hopes to raise up to \$490,726 through the issue of one 0.5 cent option for each option expiring on May 31 and June 30, 2011.

Eastland said the options would be exercisable at five cents by December 30, 2012.

The company said the offer closed on September 1, 2011.

Eastland said the funds were for working capital.

Eastland was unchanged at 2.5 cents.

CSL

The Blackrock Group has again become a substantial shareholder in CSL with the acquisition of 27,269,548 shares or 5.15 percent of the company.

The multi-national Blackrock Group said it acquired 9,954,694 shares for \$350,510,546 or an average price of \$35.21 a share between January 11 and May 11, 2011.

Blackrock has traded in CSL shares and became substantial last year (BD: Sep 8, 2010), and said it ceased its substantial holding on October 6, 2010.

CSL fell eight cents or 0.3 percent to \$29.42 with 2.4 million shares traded.

VIRALYTICS

Viralytics shares are trading on a post-consolidated deferred settlement basis under the code VLADA and not the original code of VLA.

Viralytics shareholders approved the 10 to one consolidation this week (BD: Aug 2, 2011).

Normal trading is expected to resume on August 18, 2011.

Viralytics fell five cents or 8.8 percent to 52 cents.

LEAF ENERGY

Leaf Energy says chief executive officer Ken Richards' base salary will be \$230,000 a year.

Leaf said the amount was reviewable at the board's discretion each year.

The company said Mr Richards would receive nine percent superannuation and a performance bonus up to \$190,000.

Leaf said Mr Richards would receive options as well as the fixed salary.

Leaf Energy was untraded at 10.5 cents.