



Biotech Daily

Friday May 16, 2008

Daily news on ASX-listed biotechnology companies

- * **ASX UP, BIOTECHS EVEN: CYTOPIA UP 11%; PRANA DOWN 9%**
- * **PFIZER'S DOORS OPEN TO AUSTRALIAN BIOTECH**
- * **HEARTWARE MOVES BACK TO US, TRAINS 1st CENTRE, COO RESIGNS**
- * **BENITEC TO RAISE \$5.1m FOR PROGRAMS, IP PROTECTION**
- * **HEALTHLINX RAISES \$511k OF EXPECTED \$4m**
- * **STEM CELL AGM DISSENT ON SHARE SCHEME, REELECTS DIRECTORS**
- * **CYTOPIA CYT997 ABSTRACT AVAILABLE ON-LINE**
- * **RITRACT REINSTATED**
- * **LIM SEN YAP TAKES 13% OF ARANA**

MARKET REPORT

The Australian stock market climbed 0.7 percent on Friday May 16, 2008 with the All Ordinaries up 41.2 points to 6,006.1 points.

Fifteen of the Biotech Daily Top 40 stocks were up, 15 fell, seven traded unchanged and three were untraded.

Cytopia was best, up three cents or 11.11 percent to 30 cents on small volumes, followed by Mesoblast up 6.5 cents or 10.0 percent to 71.5 cents and Genetic Technologies up 10.0 percent to 11 cents.

Sunshine Heart climbed 7.14 percent; Portland was up 4.44 percent; Antisense, Biota, Clinuvel, Heartware, Stem Cell and Ventracor were up more than two percent; with Benitec, Chemgenex, Optiscan and Universal Biosensors up more than one percent.

Prana led the falls down four cents or 8.99 percent to 40.5 cents on modest volumes, followed by Tissue Therapies down one cent or 7.14 percent to 13 cents.

Phosphagenics lost 6.9 percent; Acrux fell 5.56 percent; Agenix, CSL and Psivida shed more than four percent; Avexa lost 3.23 percent; Cellestis, Peplin, Pharmaxis and Progen shed more than two percent; with Alchemia, Arana, Cochlear, Living Cell, Novogen and Resmed down more than one percent.

PFIZER, BIO-MELBOURNE NETWORK

Pfizer has told Australian biotechnology companies that it is interested in partnering across a range of therapies from early to late stage.

Pfizer's senior vice-president of worldwide clinical development Dr Briggs Morrison told a capacity Bio-Melbourne Network breakfast that Pfizer had developed a new model for partnering that was a "federation of independent biotech and research and development biotech units" that were independent but interdependent.

He said Pfizer had created a its Biotherapeutic and Bioinnovation Centre program and said "the heart of the company really is its science".

Dr Morrison said that with about 400 projects at the research stage and 200 at the development stage, Pfizer's \$7.5 billion spend in 2007 was more than any other company's.

Dr Morrison nominated ophthalmology, central nervous system, cardio-vascular, allergy and respiratory, sexual health and urology, pain and inflammation, oncology and infectious diseases as Pfizer's key areas and said the company wanted to be either the first in class or best in class, and intended to invest to win with a particular emphasis on high unmet medical needs.

He said "basic research knows no geographical boundaries" and that Pfizer had 10,000 clinical trial sites in more than 70 countries.

Dr Morrison said Pfizer had an "incubation" program whereby small companies could use its laboratory space.

Pfizer's head of strategic alliances Dr Daniel Grant said there were three or four companies using the incubation program with capacity for up to 10 companies.

Dr Grant said the company had a worldwide business development program; an Asia research and development program; and an Australian alliance program and wanted "to engage with academics and research groups".

About 50 percent of Pfizer's compounds are externally sourced and Dr Grant said the company wanted "to launch two new externally sourced drugs each year".

He said Pfizer was not building any more research facilities in Asia but supported "a virtual research and development network of academics, biotechs and contract research organizations partnering across Asia".

Dr Grant said Pfizer provided funds for grants and fellowships in Australia and conducted 60 to 80 clinical trials in Australia each year.

He said the fellowship program had generated 200 peer-reviewed papers in six years.

Dr Grant said Pfizer would provide \$15 million over three years for cancer research at the Peter MacCallum Cancer Centre.

Under the heading "What are we interested in" he said drug candidates from early to late stage; platform technologies; enabling technologies; and expansion into new business models.

Dr Grant joked that there was a preference for drugs in late phase III trials ready for registration, but said Pfizer was interested across its key areas from very early to late stage development.

He said Pfizer was interested "in anything innovative in any of nine therapeutic areas.

Dr Morrison said Pfizer was interested in personalized medicine to both fit the right drug for the right person, but also to resolve problems of toxicity, "so we can determine who shouldn't get a medicine".

Dr Grant said Pfizer was in discussions on "a large deal with a group in Melbourne on stem cells for therapeutic purposes" through its Biotherapeutic and Bioinnovation Center program.

HEARTWARE

Heartware says the Texas Heart Institute is the first US centre to be trained in the use of its left ventricular assist system.

The company said the training session was attended by three cardiac surgeons and 15 clinical support staff and the Texas Heart team was ready to begin implants in the US in the pivotal bridge-to-transplant clinical trial, subject to approval by Texas Hearts' institutional review board.

Heartware said it would redomicile to the US in the second half of 2008, subject to due diligence and the satisfaction of relevant legal requirements, including approval by stockholders and approval by the Australian Federal Court.

Heartware said the move would allow greater access to the US capital markets and reduce significant compliance and other administration costs.

The company intends to maintain its listing on the ASX and the "current business, operations, directors and management will not change" as a result of the move.

In parallel with the impending US bridge-to-transplant clinical trial, Heartware has entered into a multi-year partnership with Pharmalink FHI as its clinical research organization.

Heartware said the Pharmalink partnership enabled it "to focus its internal clinical resources in the areas that are most specialized" and will have the biggest impact on the outcome of the trial such as procedural training, project management, safety and medical affairs.

Heartware said chief operating officer Dozier Rowe had resigned and will not be replaced at this time.

The company said it had begun the move of its Miramar, Florida operations to the Miami Lakes facility.

Heartware was up 1.5 cents or 2.8 percent to 55 cents.

BENITEC

Benitec hopes to raise \$5.1 million through a non-renounceable one-for-5.7 rights offer at 10 cents a share.

The record date has not been set.

Shareholders will be entitled to buy one new share for every 5.7 shares held on the record date with a free option attached to each new share.

Benitec said the funds would provide working for intellectual property prosecution and maintenance including continuing activities with the US patent re-examination.

Benitec has 98 patents and patent applications in the RNAi area and will continue to review options for in-licencing and outlicencing of this estate.

The funds will also support the two City of Hope collaboration programs including the human trial for the stem cell HIV lymphoma project and the filing of an investigational new drug application and commencement of human trials for the T cell HIV project.

Benitec said funds would also go to its research and development program including further evaluation of the hepatitis B, Huntington's disease and cancer projects and support operations and ongoing corporate communication and business development.

Benitec said it was finalizing the agreement with the underwriter who has indicated that they will fully underwrite the issue.

A prospectus containing full details is being prepared and the company expects to lodge it with ASIC and ASX within the next week.

Benitec was up 0.1 cents or 1.11 percent to 9.1 cents.

HEALTHLINX

Healthlinx says investors have subscribed for 5,672,725 shares in a rights offer that had hoped to raise \$4,090,976.

At nine cents a share Healthlinx has so far raised \$510,545.

In a release to the ASX just before the close of the market, Healthlinx said Aragon Capital would assist the company in placing the shortfall shares on the same terms.

The shares come with 2,836,360 attaching options.

Healthlinx had hoped to issue 45,455,298 shares to raise up to \$4,090,976 in a three-for-five, non-renounceable rights issue of shares at nine cents a share (see Biotech Daily; April 3 2008).

The company said the funds would be used for the roll-out of the company's Ovplex ovarian cancer diagnostic product later this year.

In an earlier announcement Healthlinx said Ovplex would cost \$200 per test and the current market for the diagnostic CA125 was about 90,000 units worth \$15 million a year.

The company said it hoped to capture 20 percent of the market which would result in a \$500,000 annual royalty

Healthlinx was unchanged at 6.8 cents.

STEM CELL SCIENCES

Stem Cell shareholders have dissented on an annual general meeting resolution to issue up to 15 percent of the issued share capital.

The resolution was one of two relating to shares for directors and management that were difficult for investors to understand clearly.

A total of 9,919,807 proxy votes were recorded in favor of the motion to issue the shares "to existing shareholders and allocate the residual shares in the share option pool", while 2,962,178 proxy votes opposed the motion.

A similar resolution "to issue up to a third of the issued share capital via existing shareholders and allocate the residual shares in the share option pool" was overwhelmingly carried as were resolutions to reelect Dr Alastair Riddell, Dr Peter Mountford and Les Webb as directors.

Biotech Daily editor David Langsam owns shares in Stem Cell Sciences.

Stem Cell was up one cent or 2.86 percent to 36 cents.

CYTOPIA

Cytopia says the abstract for its oral presentation to the American Society of Clinical Oncology on vascular disrupting agent CYT997 is available on line.

The presentation, entitled 'Phase I evaluation of CYT997, a novel cytotoxic and vascular disrupting agent, in patients with advanced cancer' will be presented by clinical study chairman Dr Jason Lickliter on June 2, 2008 at the American Society of Clinical Oncology annual meeting in Chicago.

Cytopia said the presentation is at http://www.abstract.asco.org/AbstView_55_32844.html.

Cytopia climbed three cents or 11.11 percent to 30 cents.

RITRACT

Ritract says it will be reinstated to trading on the ASX from May 19, 2008, following the company's restructure.

ARANA

Lim Sen Yap and associates have increased their substantial shareholding in Arana from 27,378,853 shares (11.65%) to 29,792,439 shares (12.68%).

Lim Sen Yap is associated with Rockwell Securities of the British Virgin Islands, Alana Siew Ypa of Vacluse Sydney, Biofusion Capital of Sydney and Siew Chin Yap and Jek Nan Yap of Malaysia.

Arana was down two cents or 1.85 percent to \$1.06.