



Biotech Daily

Wednesday April 1, 2009

Daily news on ASX-listed biotechnology companies

- * **BIOTECH DAILY TOP 20 UP 20%, FOUR MONTHS OF BIOTECH GROWTH**
- * **ASX, BIOTECH EVEN; POLARTECH UP 19%, GENETIC TECH, NOVOGEN DOWN 10%**
- * **POLARTECHNICS IN POTENTIAL 'FRIENDLY MERGER'**
- * **BARCLAYS GROUP TAKES 5.1% OF CSL**
- * **CEPHALON WAIVES ARANA TAKEOVER CONDITIONS; INCREASES TO 23%**
- * **AVEXA SHARES \$190k AUSTRALIA-CHINA AWARD**
- * **PHARMAXIS COMPLETES DOSING IN FIRST OF TWO PHASE III TRIALS**
- * **COMPUMEDICS GERMANY WINS \$400K CONTRACT**
- * **BIOMD RAISES \$426k OF HOPED FOR \$860K**
- * **BENITEC 1-FOR-3.142 RIGHTS ISSUE TO RAISE UP \$3.0m**
- * **SOLAGRAN DIRECTOR, COMPANY SECRETARY PETER STEDWELL DIES**
- * **ELLEX APPOINTS JOHN EDWARDS AUSTRALIA SALES MANAGER**
- * **BIOTECH DAILY TOP 40 WITH MARKET CAP**

MARKET REPORT

The Australian stock market fell 0.07 percent on Wednesday April 1, 2009 with the S&P ASX 200 down 2.4 points to 3,579.7 points. Fifteen of the Biotech Daily Top 40 stocks were up, 15 fell, two traded unchanged and eight were untraded.

Polartech was best, up two cents or 19.1 percent to 12.5 cents with 1.1 million shares traded, followed by Phylogica up 0.9 cents or 17.7 percent to six cents and Psivida up 12.1 percent to \$1.30. Biota climbed 8.3 percent; Labtech and Phosphagenics were up more than seven percent; Clinuvel Nanosonics and Progen were up more than four percent; Chemgenex climbed 3.85 percent; with Alchemia, Circadian, Cochlear and Starpharma up more than one percent.

Genetic Technologies and Novogen both fell 10 percent to 4.5 cents and 45 cents respectively, followed by Bionomics and Living Cell down 9.09 percent; Avexa, Optiscan and Resmed fell more than six percent; Prana and Universal fell more than five percent; Mesoblast fell 4.1 percent, Peplin was down 3.33 percent; Genera, Heartware and Tissue shed more than two percent; with Arana, Cellestis and CSL down more than one percent.

BIOTECH DAILY TOP 40 INDEX

Biotechs climbed for the fourth consecutive month with the Biotech Daily Top 40 Index (BDI-40) up 29.7 percent in the four months to March 31, 2009, compared with the S&P ASX 200 fall of 4.3 percent.

The BDI-20 climbed 20.1 percent in the month of March compared to the S&P ASX 200 up 7.1 percent, only partly influenced by Arana's 68.3 percent jump following the Cephalon takeover bid. Alchemia recovered 123.8 percent to a market capitalization of \$47 million, with 10 of the BDI-20 up more than 20 percent and only four falls.

Both Biotech Daily indices outperformed the S&P ASX 200 over the 12 months to March 31, 2009, with the benchmark down 33.1 percent, while the BDI-20 fell 0.1 percent and the BDI-40 lost 19.2 percent. Overall, the lower 60 were also up.

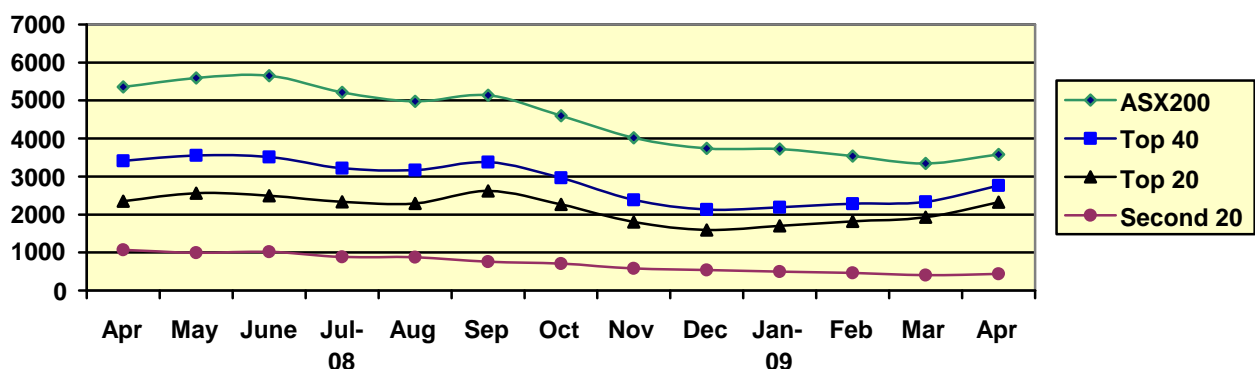
The three Big Caps (which are not in the BDI-40) fell 14.2 percent in March, with CSL down \$3.5 billion or 15.0 percent to \$19.6 billion. Resmed was down 16.7 percent to \$4.0 billion and Cochlear eased 4.1 percent to \$2.8 billion. The Big Caps fell 1.5 percent for the 12 month period.

Twenty-five of the Top 40 companies were up, 12 fell and three were unchanged. Genera jumped 100 percent to a market capitalization to \$18 million, followed by Chemgenex up 52.4 percent to \$125 million, Starpharma up 50 percent to \$51 million, with Biota, Peplin, Pharmaxis and Phosphagenics all up by more than 40 percent. Avexa, Cytopia and Genetic Technologies were up more than 30 percent with Universal Biosensors and Sunshine Heart up 20 percent or more.

Novogen led the falls down 19.1 percent to \$51 million, but Heartware retreated \$53 million or 15.0 percent to \$301 million following investor uncertainty over the potential success of the \$429 million Thoratec takeover bid. Other falls were less than 10 percent.

Progen remains a Top 40 company until the capital return and Medigen dust settles (BD: Mar 30, 2009), but Ventracor is in the hands of the administrators and will be replaced in the Second 20 by Tissue Therapies, which has two wound care trials underway and climbed 142.9 percent to \$17 million – it's highest market capitalization since July 2007.

Biotech Daily Top 40 (\$m) v S&P ASX 200 2008-09



POLARTECHNICS

Polartechtechnics says it and an unnamed company are conducting due diligence on each other with the intention of conducting a friendly merger.

Polartechtechnics chairman Robert Hunter, told Biotech Daily that he was bound by a confidentiality agreement not to disclose the identity of the other company, pther than to say it was "in a similar industry".

"It's not hostile, it's a friendly merger," Mr Hunter said. "The two boards are united."

"It's a very exciting deal for Australian biotechnology," Mr Hunter said.

"It increases our product offering internationally on a quite significant scale through the merger," Mr Hunter said.

In a media release to the ASX Polartechtechnics said that subject to due diligence and agreement on commercial terms, the other party would acquire all of Polartechtechnics' issued securities on a scrip-for-scrip basis.

In this type of merger, the Polartechtechnics shareholders would receive shares in the other company and the merged entity would ultimately cancel the acquired Polartechtechnics shares.

The Polartechtechnics media release said that "as this matter is confidential and incomplete no further details can be provided at this time".

The company said there was no certainty that the negotiations would lead to an offer or proposal being put Polartechtechnics shareholders.

Polartechtechnics said it expected to make a further announcement in 12 business days.

"In the meantime Polartechtechnics' shareholders are advised not to sell their shares," the company said.

Last year Polartechtechnics said it would partner with Genera Biosystems and Healthscope to develop and launch its Cerviscreen self-sampling device for sexually transmitted diseases (BD: Sep 5, 2008) and that Cerviscreen would be distributed by Healthscope subsidiary, Gribbles Pathology (BD: Dec 18, 2008).

There are several other companies involved in women's health testing and treatment including CSL, Healthlinx, Genetic Technologies, Fermiscan, Prima and the yet to list Cellscreen Direct.

Polartechtechnics also said it had received commitments from sophisticated investors to subscribe for a further 19,085,719 secured convertible notes to raise the sum of \$1,336,000, taking the total amount raised through secured convertible notes to \$2,524,000.

Polartechtechnics said the funds would be used for general working capital, to ensure the company can continue to promote its products in current markets.

The company said shareholder approval was not required for the issue.

Polartechtechnics said its share purchase plan announced on February 23, 2009, was due to close on March 20, 2009 but has been extended to April 9, 2009.

Polartechtechnics was up two cents or 19.1 percent to 12.5 cents with 1.1 million shares traded.

CSL

Barclays Group has become a substantial shareholder in CSL with a holding of 30,700,294 shares or 5.1 percent of the company.

Barclays said it became substantial on March 19, 2009 and bought the shares over a four month period at an average price of \$33.9481.

CSL was fell 39 cents or 1.2 percent to \$32.10.

[ARANA](#)

Cephalon says two defeating conditions have been removed from its takeover bid for Arana.

In a supplementary bidder's statement, Cephalon said the condition "that no regulatory authority becomes entitled to cease the provision of any financial assistance to the Arana Group or to require the repayment of any financial assistance previously provided to the Arana Group" no longer applied.

Arana said in its target's statement, that on a change of control, the Commonwealth Government "may have certain rights to require repayment of previously advanced grants and to reassess whether any yet to be paid grants should be paid to Arana".

Cephalon said the offer was also subject to a condition that certain third parties including Centocor Inc and Abbott Laboratories would not become entitled to exercise any right under any agreement with any member of the Arana Group as a result of the acquisition or proposed acquisition of Arana Shares by Cephalon.

Cephalon said this confirmation was provided in the target's statement and "freed the offer from the defeating condition".

Arana chairman Robin Beaumont told Biotech Daily that both condition were "very unlikely to be of concern, but Cephalon's lawyers needed to complete due diligence".

Arana fell 1.5 cents or 1.08 percent to \$1.38.

[ARANA](#)

Cephalon International Holdings increased its substantial shareholding in Arana from 45,115,151 shares (19.82%) to 52,214,573 shares (22.94%) on March 31, 2009.

The change, through an increase in acceptances, was the first since the bid was launched (BD: Feb 27, Mar 2, 2009).

[AVEXA](#)

Avexa has shared an award a \$190,000 from the Australia-China Special Fund for Science and Technology with Targetdrug of Shanghai, China.

Avexa said the grant was awarded on merit and contributed to a combined total investment of \$600,000 shared with Targetdrug and Avexa.

The company said the award built on two years of collaboration between Avexa and Targetdrug that has lead to patent applications on two projects in HIV and hepatitis C.

Avexa chief executive officer Dr Julian Chick said the grant provided "further validation of the scientific expertise within Avexa and we look forward to continuing our collaboration with Targetdrug to ultimately move these promising programs into the clinic".

The funds will be used to further the discoveries already made in the two programs.

Avexa said the component of the grant it received would fund the synthesis and antiviral assay of new antiviral molecules, building on active compounds that have already been discovered during the collaboration.

Targetdrug's component would fund the establishment of compound-profiling assays, which will be used to screen the Avexa compounds for optimal drug-like properties and to help select potential clinical candidates.

Avexa fell 0.6 cents or 6.4 percent to 8.8 cents.

PHARMAXIS

Pharmaxis has completed the first component of its phase III clinical trial assessing Bronchitol for people with cystic fibrosis.

Pharmaxis said the last subject had completed the final clinical visit and the trial has run to time and budget. The first subject entered the trial in April 2007.

Pharmaxis said the trial was conducted in 40 centres in four countries and involved 325 randomized subjects with cystic fibrosis.

The company said the trial was a double-blind, placebo-controlled study designed with the assistance of the European regulatory agency and with the objective of seeking a marketing approval for Bronchitol for treating cystic fibrosis in Europe and elsewhere.

The trial results are expected later this month after data review and statistical analysis of the various endpoints have been completed.

The trial's first objective was to demonstrate an improvement in lung function. Consistent loss of lung function is the leading cause of death of people with cystic fibrosis.

Pharmaxis chief executive officer Dr Alan Robertson said the end of dosing was a "major milestone".

"It is hoped Bronchitol will change the therapeutic landscape for people living with cystic fibrosis and provide a new therapeutic regimen that helps to prolong life," Dr Robertson said.

The second part of the trial examines the safety of Bronchitol in people with cystic fibrosis.

Pharmaxis has orphan drug designation and fast track status from the US Food and Drug Administration and orphan drug designation from the European Medicines Agency for Bronchitol in cystic fibrosis.

Pharmaxis said Bronchitol was designed to hydrate the airway surface of the lungs, and promote normal lung mucus clearance in order to improve lung function, break the cycle of repeated respiratory infections and blockages and improve quality of life for patients.

About 75,000 people in the major pharmaceutical markets are affected by cystic fibrosis and no products have been approved to improve lung hydration.

A second phase III clinical trial is recruiting in the US, Canada, Argentina and Europe and has been designed with the FDA through a special protocol assessment scheme and is the second of two trials required before Bronchitol is considered for marketing in the US.

Pharmaxis was up 1.5 cents or 0.9 percent to \$1.71.

COMPUMEDICS

Compumedics says its new German-based sleep business has won a 12-bed sleep-diagnostics contract worth \$400,000.

Compumedics said the sleep center was at Schillerhöhe Hospital in Gerlingen and was a "well established and respected sleep facility".

The company said Schillerhöhe Hospital sleep center would become a key European reference site for Compumedics.

The hospital has 870 beds and administers more than 30,000 patients a year, of which more than 2000 undertake a sleep diagnostic study.

Compumedics said Germany was the world's third largest medical device market and a key driver for the company's growth in Europe with more than 300 accredited sleep clinics and a market potential of about \$US36 million a year.

Compumedics' Germany sleep business manager Markus Rosenstingl said the contract was "a particularly important milestone as it marks the first reference centre since establishing our direct presence in Germany earlier this year".

Compumedics climbed half a cent or 3.57 percent to 14.5 cents.

BIOMD

Biomd says its rights issue closed on March 27, 2009 raising a total of \$426,118.78 for the issue of 21,148,939 shares at 2.0 cents a share.

The company said shareholders subscribed for 52.8 percent of shares offered and 227 shareholders participated in the offer.

Earlier this year Biomd executive director Robert Towner said the company hoped to raise \$860,000 to take its bovine cardiac patch to registration (BD: Feb 19, 2009).

Mr Towner said today that the support "demonstrated by such a large proportion of Biomd's shareholders in the current economic climate is encouraging".

"Biomd has made significant financial and technical investment over the past four years to bring the Adapt Tissue Engineering Process, a process to treat animal tissues used for human implant, to the human trial and regulatory phases," Mr Towner said.

"Additional funds could be secured under the shortfall," Mr Towner said.

He said directors would approach potential investors within the three month period outlined in the prospectus to place the 18,889,721 share shortfall.

Biomd was untraded at 4.4 cents.

BENITEC

Benitec hopes to raise up to \$3.0 million through a one-for-3.142 non-renounceable share rights offer with an attaching option for every new share.

Benitec said it would issue up to 100,000,000 shares at three cents a shares. The options are exercisable at 10 cents and expire on April 8, 2014.

The company said the funds would be used to provide working capital for the ongoing funding of Benitec's projects and operations.

The record date for eligible shareholders is April 9, 2009.

The offer closes on April 29, 2009.

Benitec was untraded at 2.2 cents.

SOLAGRAN, BIOPROSPECT

Solagran director and company secretary Peter Stedwell died suddenly on March 30, 2009, according to a death notice published in the Herald Sun newspaper today.

Solagran and Biopropect confirmed to the ASX that Mr Stedwell had passed away.

He was also a director of Biopropect,

Solagran fell half a cent or 6.25 percent to 7.5 cents.

Biopropect was up 0.1 cents or 6.67 percent to 1.6 cents.

ELLEX MEDICAL LASERS

Ellex has appointed John Edwards as general manager of its Australian sales subsidiary.

Ellex said Simon Luscombe, who previously held the position of general manager of Ellex Australia was appointed Ellex chief executive officer in October 2008.

The company said Mr Edwards had more than "four decades" experience in the ophthalmic industry, beginning his career as an optical dispenser with OPSM.

Mr Edwards had a number of managerial roles at OPSM (Optical Prescription Spectacle Makers), including head of the instruments division.

He joined Alcon Laboratories in 1993, which Ellex said was "the world's largest ophthalmic company" as surgical sales manager for Alcon Australia.

Ellex was untraded at 17 cents.

BIOTECH DAILY'S TOP 40 WITH MARKET CAPITALIZATION

Company \$Am	Apr-09	Mar-09	Feb-09
Cochlear	2,808	2,928	3,239
CSL	19,607	23,072	21,750
Resmed	4,022	4,829	4,635
BDI-20			
Acrux	86	72	86
Alchemia	47	21	23
Arana	318	189	200
Avexa	40	30	30
Bionomics	56	51	52
Biota	105	75	77
Cellestis	203	211	144
Chemgenex	125	82	96
Cytopia	11	8	9
Heartware	301	354	186
Impedimed	58	59	52
Living Cell	26	23	22
Mesoblast	103	96	97
Novogen	51	63	73
Peplin	101	70	101
Pharmaxis	330	223	281
Phosphagenics	93	63	66
Sirtex	128	125	110
Starpharma	51	34	31
Universal Biosensors	93	77	86
Second 20			
Antisense	19	20	20
Benitec	7	12	10
Bone Medical	23	22	21
Cathrx	13	19	23
Circadian	31	30	30
Clinuvel	62	65	73
Genera	18	9	10
Genetic Tech	19	14	18
Labtech	13	12	10
Nanosonics	33	31	21
Optiscan	5	7	7
Phylogica	8	8	10
Polartech	25	24	30
Prana	39	43	65
Progen	46	48	51
Psivida	11	10	12
Sunshine Heart	20	16	16
Tyrian	6	6	10
Ventracor	25	25	29
Viralytics	11	12	12

* Biotech Daily editor, David Langsam, owns shares in Alchemia, Biota, Chemgenex, Cytopia and Stem Cell Sciences as well as non-biotechnology stocks. These are liable to change at any time.

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