



# Biotech Daily

Tuesday August 11, 2009

*Daily news on ASX-listed biotechnology companies*

- \* **ASX UP, BIOTECH DOWN:  
SUNSHINE HEART UP 76.5%, VIRALYTICS DOWN 13%**
- \* **HEARTWARE RAISES \$66m; CHERRY PICKS VENTRACOR ASSETS, STAFF**
- \* **COCHLEAR RECORD PROFIT UP 13% TO \$130.5m; REVENUE UP 15%**
- \* **XENOME COLLABORATES WITH AXXAM ON RECEPTOR MODULATORS**
- \* **PALLANE'S WINTERAY WELSHES ON DIA-B UNDERWRITING DEAL**
- \* **IMMURON PREPARES ANIMAL, HUMAN 'FLU COLOSTRUM STUDIES**
- \* **LABTECH PROFIT DOWN 53% to \$340k; ROYALTIES EN ROUTE**
- \* **BIOPHARMICA JUMPS 180% ON US HLS5 TUMOR GENE PATENT**

## MARKET REPORT

The Australian stock market was up 0.65 percent on Tuesday August 11, 2009 with the S&P ASX 200 up 27.9 points to 4332.0 points.

Nine of the Biotech Daily Top 40 stocks were up, 18 fell, six traded unchanged and seven were untraded.

Sunshine Heart was best, up 5.2 cents or 76.5 percent to 12 cents with 565,582 shares traded.

Bionomics and Clinuvel climbed more than four percent; Labtech was up three percent; Antisense, Prana and Psivida rose more than two percent; Progen was up 1.4 percent; with Resmed and Sirtex up by less than one percent..

Viralytics led the falls, down 0.4 cents or 13.3 percent to 2.6 cents with 1,424,165 shares traded followed by Compumedics down 11.8 percent to 15 cents.

Phylogica and Tissue Therapies lost more than seven percent; Novogen fell 5.5 percent; Avexa and Optiscan fell more than four percent; Biota and Cathrx were down more than three percent; Cellestis, Genera, Living Cell, Mesoblast, Nanosonics, Starpharma and Universal Biosensors shed more than two percent; with Cochlear, CSL, Peplin and Pharmaxis down by less than one percent.

## HEARTWARE, VENTRACOR

Heartware has raised \$US55 million (\$A66 million) through the private placement of 2.5 million shares of common stock to "a select group of institutional investors".

Heartware said the purchase price was \$US22 per share.

One share of US common stock is equal to 35 Australian Chess Depository Instruments (CDIs) or HIN shares listed on the ASX, making the total placement equivalent to 87.5 million Australian shares at 75.4 cents a share.

The company said the issue of 1.39 million of the 2.5 million shares in common stock was subject to shareholder approval and those shares would be held in escrow until approval was obtained.

Heartware said it was considering an offer "to certain Australian investors" to buy up to \$US5 million in shares at the same price as the US placement.

The US Federal Trade Commission challenged the \$US282 million (\$A429 million) takeover of Heartware by Thoratec and the two companies decided to call off the deal (BD Jul 30, Aug 3, 2009).

Heartware has had access to a \$US20 million convertible note draw down facility from Thoratec, but this capital raising removes the need for it.

Heartware's corporate development director Howard Leibman told Biotech Daily: "It removes the financial risk from the equation".

Mr Leibman said Heartware had purchased some of former left ventricular assist device competitor Ventracor's manufacturing assets and equipment as well as hiring some of Ventracor's former staff.

Ventracor was placed in administration in December 2008 and its assets are being liquidated.

Heartware was untraded at 80.5 cents.

## COCHLEAR

Cochlear's net profit after tax for the 12 months to June 30, 2009 was up 13 percent to a record \$130.5 million on revenue up 15 percent to a record \$694.7 million.

Cochlear reported an increase in core earnings up 12 percent to \$137.95 million and said core earnings was defined as profit after tax attributable to equity holders of the parent assuming all research and development was expensed and excluding both intangible amortization and share based compensation charges.

Cochlear chief executive officer Dr Chris Roberts said in a media teleconference that the company prepared the two separate profit figures in line with international reporting systems, but was returning to the net profit after tax figure as more reliable.

He said that one of the reasons the record profit was lower than earlier forecasts was due to an increased expenditure on research and development on new products.

The company reported diluted earnings per share up 12.9 percent to \$2.332 per share.

Cochlear said net tangible assets per share at June 30, 2009 was up 40 percent to \$2.782.

The company said a fully franked dividend of 95 cents a share with a record date of September 3, 2009 would be paid on September 24, 2009.

Cochlear said an interim dividend of 80 cents per share had been paid on March 17, 2009.

Cochlear said its annual general meeting would be held at the Sydney Marriott Hotel, 36 College Street, Sydney, on October 20, 2009 at 10am.

Cochlear fell nine cents or 0.15 percent to \$58.66.

## XENOME

Xenome says it will collaborate with Milano-based Axxam SpA to discover and develop novel G-protein coupled receptor modulators.

Xenome's chief executive officer Dr Ian Nisbet told Biotech Daily that G-protein coupled receptors (GPCR) were the largest group of receptors that serve as drug targets.

Xenome said Axxam was a biotechnology research organization offering early-stage discovery research services and had been spun-out from Bayer.

In a media release the company said the collaboration would combine its "expertise in peptide chemistry and peptide drug development with Axxam's know-how in target biology, assay development and high-throughput screening".

Xenome said Axxam would screen its Xventure peptide library against five undisclosed GPCR targets in therapeutic areas including pain, obesity and ophthalmology.

Xenome would optimize promising hits from the program to develop lead molecules suitable for pre-clinical development and have the right to commercialize products from the collaboration with both companies sharing the financial outcomes.

"This library is a recent addition to Xenome's technology platform and the partnership with Axxam will help us establish it as a valuable tool for drug discovery," Dr Nisbet said.

Xenome said the Xventure library was a proprietary collection of more than 5500 synthetic peptides that have been designed to mimic the structural motifs of bioactive peptides found in venoms.

The company said that central to the library was a novel molecular scaffold that was developed with the aim of producing drug candidates with the efficacy and specificity of peptides as well as the size and stability of smaller molecules.

Xenome said the library represented "significant structural and chemical diversity" and was suitable for high throughput screening as well as quick and efficient optimization based on structure-activity relationship analysis.

Xenome's lead product Xen2174 is a novel conopeptide analogue for the treatment of moderate to severe pain.

Xenome said Dr Julie Cherrington had been appointed a non-executive director.

Dr Cherrington is president of the San Diego-based Phenomix Corp working on drugs for metabolic and infectious diseases.

Dr Cherrington is a director of Progen and a former director of Chemgenex.

Before joining Phenomix, Dr Cherrington held senior positions at Sugen and Gilead.

Xenome is a public unlisted company.

## DIA-B TECH

Dia-B says Winteray Capital has not met its obligation as underwriter for the reverse takeover share issue shortfall.

In a media release entitled 'Breach of Underwriting Agreement' Dia-B said Winteray was the underwriter of a capital raising to fund the acquisition of Pallane Medical and "has not, to date, satisfied its obligation under the terms of the underwriting agreement" to take up a "significant shortfall" in applications (BD: Aug 3, 2009).

Winteray committed to underwriting \$12.5 million of the offer.

Dia-B said it was "seeking advice on this matter".

Winteray is associated with Phillippe Barros, who has been banned from managing corporations for five years by the Australian Securities and Investments Commission.

Dia-B is in a suspension and last traded at 1.4 cents.

## IMMURON

Immuron says it is preparing a drug development program for its prospective bovine colostrum polyclonal antibody influenza treatment product.

Immuron received a Commonwealth an Australian Research Council Linkage Grant of \$326,500 to continue research with the University of Melbourne into the treatment and prevention of influenza (BD: Jun 5, 2009).

Last week Immuron said the influenza program would trial several animal models over the next 12 months to gather data prior to human trials (BD: Aug 4, 2009).

Immuron general manager Grant Rawlin told Biotech Daily that ferret trials with current human influenza isolates were approved and expected to start by October 2009.

Mr Rawlin said among the many issues to be resolved were dosage studies and delivery route studies to compare oral and nasal delivery using suckable tablets and sprays as well as cross-neutralization studies against new 'swine flu' virus.

He said that the cow colostrum based product was described as 'generally regarded as safe' and was treated as a medical food if taken orally.

He said Immuron hoped to begin a human phase II clinical trial in 2010.

The data released last week said that in mouse studies, the technology had shown it could stop an established infection with a single nasal application and that a single nasal application could prevent an influenza infection for a period of up to seven days.

The pre-clinical data was generated jointly by Immuron and Prof Lorena Brown's laboratory at the University of Melbourne's Department of Microbiology and Immunology. Immuron was up 0.6 cents or 16.7 percent to 4.2 cents with 2.6 million shares traded.

## LABTECH SYSTEMS

Labtech says its preliminary unaudited profit after tax for the financial year ended June 30, 2009 will be about \$340,000 compared to the previous year's \$720,000.

Labtech said earnings over the past two years have reflected the milestone payments received from Biomérieux for the development and manufacturing establishment of the Previ Isola automated agar plate streaker.

Labtech said it would receive royalties based on sales of Previ Isola disposable applicators which were not the instruments, with minimum royalties from January 1, 2009.

The company said responsibility for the ongoing manufacture, marketing and distribution of Previ Isola had been transferred to Biomérieux and there were "no outstanding obligations upon Labtech Systems in relation to costs for any further development of the core technology, providing working capital for manufacture and distribution, or marketing". Labtech said Previ Isola systems had been installed in laboratories in France, Germany, Netherlands, Sweden, Italy, China and the US and was available in Australia following a successful user evaluation trial.

Labtech said Biomérieux intended to establish instrument manufacture in its own facilities during 2010.

The company said the first sales of Previ Isola in Europe and US triggered milestone payment obligations by Labtech to Medvet Science, from whom the core applicator concept was licensed.

Labtech said a payment of \$200,000 will be made to Medvet by October 2009 and a further \$20,000 would be payable with the first commercial sale in Australia.

The company said that since January 1, 2009 the guaranteed minimum royalty income was \$240,000.

A licence payment of about \$3.4 million would be due from Biomérieux by July 2010.

Labtech was up 0.5 cents or 3.0 percent to 17 cents.

## BIOPHARMICA

Biopharmica says the US Patent and Trademark Office has issued a patent entitled 'Tumour Suppressor Factor'.

Biopharmica said the HLS5 tumor suppressor gene was reported by a West Australian Institute for Medical Research team led by Prof Peter Klinken in 2004.

The company said that it was continuing the research with that team (BD: Aug 10, 2009).

Biopharmica said it had developed "an extensive patent portfolio and has exclusive rights to the tumor suppressor gene HLS5 both as a potential therapeutic target and also underpinning its involvement in a variety of disease pathways".

The company said the patent portfolio of technology surrounding HLS5 was going through national phase filings in Australia, US and Europe.

Biopharmica climbed as much as nine cents or 180 percent to 14 cents, before closing up seven cents or 140 percent to 12 cents with 4.5 million shares traded.