



Biotech Daily

Thursday February 12, 2009

Daily news on ASX-listed biotechnology companies

Happy 200th Birthday, Charles Darwin!

- * **ASX, BIOTECH UP: ANTISENSE UP 25%, OPTISCAN DOWN 10%**
- * **BIOTRON IN VITRO STUDY REDUCES HIV INTEGRATION BY 99%**
- * **VENTRACOR COMPLETES TRIAL ENROLMENT DESPITE PRODUCT HALT**
- * **PALLANE LISTS THROUGH DIA-B TO COMMERCIALIZE VIROLOGY TEST**
- * **SOLAGRAN BLAMES PARTLY-PAID INVESTORS FOR SHARE PRICE FALL**

MARKET REPORT

The Australian stock market climbed 1.15 percent on Thursday February 12, 2009 with the S&P ASX 200 up 39.9 points to 3,514.3 points.

Twelve of the Biotech Daily Top 40 stocks were up, nine fell, five traded unchanged and 14 were untraded.

Antisense was best, up 0.8 cents or 25 percent to four cents with 322,000 shares traded, followed by Universal Biosensors up five cents or 10 percent to 55 cents.

Avexa and Viralytics climbed more than eight percent; Cellestis was up 7.78 percent; Genera, Pharmaxis, Polartech and Sirtex were up four percent or more; Mesoblast and Peplin were up more than three percent; Bionomics rose 2.5 percent; with Resmed up 1.89 percent.

Optiscan led the falls, down 0.5 cents or 10 percent to 4.5 cents with 10,000 shares traded, followed by Cytopia down one cent or 9.09 percent to 10 cents.

Novogen and Phosphagenics lost more than five percent; Alchemia, Arana and Biota fell more than three percent; CSL and Heartware shed more than two percent; with Cochlear and Living Cell down more than one percent.

BIOTRON

Biotron says in vitro data shows that BIT225 "significantly inhibits transfer of HIV-1 virus from macrophages to T cells"

Biotron presented a paper at the 16th Conference on Retroviruses and Opportunistic Infections in Montreal, demonstrating that BIT225 stops integration of HIV-1 into cells by more than 99 percent and reduces release of virus from cells by more than 95 percent.

The study was performed in human macrophage cells infected in vitro with HIV-1.

The company said that data was also presented showing that BIT225 "significantly inhibits transfer of HIV-1 virus from macrophages to T cells".

"This is significant as, during HIV infection in humans, HIV-infected macrophages are responsible for ongoing re-infection of T cells," Biotron said.

Biotron said approved antiretroviral drugs do not target HIV in macrophages whereas BIT225 specifically targets HIV in these cells.

The company said the paper also presented data on the proposed mode of action of BIT225, demonstrating that the drug works in cells infected with HIV-1 but is inactive against a different strain of HIV known as HIV-2.

HIV-2 is a milder, less common form of HIV which does not contain the Vpu protein.

Biotron said the data supported that BIT225 was targeting the Vpu protein of HIV-1.

The studies confirmed that BIT225 works at a late, post-integration stage in the virus life cycle and has a novel mode of action, the company said.

Biotron was unchanged at 12 cents.

VENTRACOR

Ventracor says enrolment of 140 patients has been completed in its Ventrassist left ventricular assist device US bridge-to-transplant trial.

On February 10, 2009, the company said it had halted further implants of its LVA4 heart pump due to problems with its percutaneous or through-the-skin lead.

Ventracor was granted a voluntary suspension while it reviewed issues relating to patient safety and on-going financing operations.

Ventracor chief executive officer Peter Crosby told Biotech Daily today that the US bridge-to-transplant trial was using both the LVA4 and the earlier model, the LVA3.

He said the LVA3 had been subject to a 2005 recall relating to its percutaneous lead but those problems had been fixed and none of those problems had occurred since.

Mr Crosby said the LVA3 was still able for sale and implant.

In today's media release, Ventracor said the first patient in the US bridge-to-transplant trial was enrolled in June 2007 and full enrolment took about 18 eighteen months.

The principal investigating surgeon Dr Nader Moazami said it was "an extremely important milestone that has been reached as we continue to see advances in mechanical circulatory support".

"This is an exciting time for all patients with end-stage heart failure and physicians taking care of these patients as we enter the era of improved, durable and reliable devices for circulatory support," Dr Moazami said.

The last two patients implanted were at Barnes Jewish Hospital in St Louis, Missouri on February 9, 2009 and The Methodist Hospital in Houston Texas on February 11, 2009.

Ventrassist implants are continuing under a continued access protocol approved by the US Food and Drug Administration on November 6, 2008.

The first patient to be enrolled under the continued access protocol is scheduled for the week of February 16, 2009.

Ventracor is in a voluntary suspension and last traded at 8.3 cents.

DIA-B TECH

Dia-B Tech will acquire Pallane Medical, a company commercializing a rapid enhanced tissue culture immuno-fluorescence (Reticif) virology diagnostic test.

Dia-B Tech will change its name to Pallane Medical and Pallane managing director Peter King will continue in the new company as chief executive officer.

Dia-B's chief executive officer Ken Smith will leave the company, chairman Dr Michael Wooldridge will be a non-executive director of the new company as will Wintery Capital's Dr Jaydeep Biswas. Dia-B directors Neil Hewitt and Prof George Alberti will also resign.

Dia-B said the acquisition was subject to regulatory, ASX and shareholder approvals and the completion of a \$12.5 million capital raising.

Melbourne-based Pallane Medical is commercializing technologies associated with the rapid identification of clinically relevant viruses associated with infectious diseases.

The lead technology is Reticif for identification and diagnosis of virus-based infections.

Dia-B said the test had been used for more than 10 years at Melbourne's Royal Children's Hospital and Pallane intended to take the product to international healthcare markets.

The product has completed a pre-investigational device exemption review by the US Food and Drug Administration, resulting in confirmation that Reticif can enter the US market.

The acquisition is expected to take three months and involves a capital consolidation on a 20 for 1 basis; acquisition of Pallane for \$74.73 million in the form of 282,860,190 Dia-B Tech shares, post-share capital consolidation, at 22 cents a share; and capital raising of \$12.5 million, by way of a fully underwritten private placement.

The capital raising will finance the corporate development of the Pallane business and pay out the convertible security held by Trafalgar Capital Specialised Investment Fund.

Dia-B Tech has also drawn down a further \$250,000 from the Trafalgar Capital Specialised Investment Fund convertible facility and the capacity to draw down a further \$200,000 to fund corporate working capital throughout the transaction timeline.

Dia-B Tech chairman Dr Michael Wooldridge said the board was "excited by the transaction as it provides existing ... shareholders with access to an innovative diagnostic technology that could provide a paradigm shift in virology testing".

"Over the past twelve months, the board has reviewed a number of opportunities, and Pallane represents a technology that should deliver significant value to our shareholders," Dr Wooldridge.

Pallane managing director Peter King said that becoming an ASX-listed company associated with the capital raising provides "the opportunity to commercialize Reticif internationally".

Following the share consolidation the company expects to have 7,589,432 million shares on issue, down from its current issued capital of 151,788,638 million shares.

Once the transaction has been completed, the new shareholders will hold the equivalent of 84.06 percent of Dia-B Tech's current issued capital post-capital raising.

The new investors have agreed to abide by any escrow restrictions required by the ASX.

As certain vendors will hold more than 20 percent of the shares in Dia-B Tech after completion of the transaction, as presently structured, Dia-B Tech has commissioned an independent expert to report on the fairness and reasonableness of the transaction.

The directors intend to raise new capital of not less than \$12.5 million by the issue of 56,818,182 new shares at 22 cents a share in a private placement fully underwritten by Winteray Capital.

The capital raising will finance the corporate development of Pallane, the pay out of the convertible security held by Trafalgar Capital Specialised Investment Fund and fund the costs of the transaction.

Dia B was untraded at 2.4 cents.

SOLAGRAN

Solagran says share price slide from 18 cents on January 19, 2009 to 10 cents on February 11, was due to holders of contributing partly-paid shares selling ordinary shares. Solagran said the shareholders "account for a significant part of the sales volume in that period".

The company said the sell down of ordinary shares by the contributing shareholders, presumably to raise money to pay the call, has been the main factor causing the decline in the price of ordinary shares.

The company said it was not aware of any factor within the company's operations that would explain the declining price.

Solagran traded as high as \$1.55 on May 14, 2007.

Solagran directors said that had scheduled a series of meetings over the next week to consider various management reports.

On the basis of positive technological achievements at the Siberian manufacturing plant, Sibex, the directors plan to prepare a status report and outline any revised company strategies resulting from changed market conditions and steps to be taken for the wider distribution of Ropren.

Solagran said the final day of trading for contributing shares paid to 15 cents (SLACF) was February 16, 2009.

The final record date for the five cent call is February 23, 2009.

Contributing shares held on February 23, 2009 and on which the call of five cents is not paid by March 2, 2009 "may be forfeited for no value to the holder", Solagran said.

Solagran was up 1.5 cents or 15 percent to 11.5 cents.