



Biotech Daily

Thursday January 22, 2009

Daily news on ASX-listed biotechnology companies

- * **ASX UP, BIOTECHS DOWN: POLARTECH UP 12%, BIONOMICS DOWN 13%**
- * **VIRAX 2.9¢ SHARE PLAN TO RAISE \$934k OR FACE CRISIS**
- * **USCOM SELLS 39 HEART MONITORS IN JANUARY**
- * **FMR, FIDELITY REDUCES TO 7.6% IN CSL**
- * **QRX APPOINTS DR JESUS SORIANO BUSINESS DEVELOPMENT HEAD**
- * **VICTORIAN MINISTERS OPEN AUSTIN HOSPITAL CANCER BANK**
- * **INCITIVE EGM VOTES ON 135m LOAN, DIRECTOR SHARES**

MARKET REPORT

The Australian stock market rebounded 1.3 percent on Thursday January 22, 2009 with the S&P ASX 200 up 44.0 points to 3,486.8 points.

Seven of the Biotech Daily Top 40 stocks were up, 10 fell, nine traded unchanged and 14 were untraded.

Polartech was best, up 1.5 cents or 11.54 percent to 14.5 cents with 22,000 shares traded, followed by Sirtex up nine cents or 5.63 percent to \$1.69.

Biota, Clinuvel, CSL and Progen climbed more than four percent; with Avexa and Resmed up more than one percent and Peplin up 0.83 percent.

Bionomics led the falls, down three cents or 13.04 percent to 20 cents with 48,050 shares traded, followed by Novogen down 9.36 percent to 77.5 cents and Circadian fell 7.58 percent to 61 cents on the release to the ASX of a promotional interview.

Chemgenex and Heartware lost five percent or more; Viralytics fell 4.55 percent; Alchemia was down 3.7 percent; Mesoblast shed 2.99 percent; with Acrux, Cochlear and Optiscan down more than one percent.

VIRAX

Virax is offering eligible shareholders up to \$5,000 worth of shares at 2.9 cents a share to raise up to \$933,970.

Virax said it could issue up to 32,205,882 shares which is 30 percent of the company's shares on issue and does not require shareholder approval.

The company said the funds would be used to avoid a funding gap prior to receipt of the next milestones payment expected to be received from Transgene SA.

Virax said that based on publicly-released corporate presentations of Transgene SA and independently obtained valuation models, it was "likely to receive milestone payments under the sub-licence for Transgene's access to the Co-X-Gene technology in the first half of the 2009 calendar year".

"The company currently intends to use these milestone payments to repay the convertible notes on issue and to provide additional funding for the underwriting of the Southern Africa clinical trial," Virax said.

The company has underwritten the funding of the clinical trial including the trial budget.

The total funding is expected to be \$US6.3 million, an increase of \$US300,000 on the previous budget. It is believed the "funding gap" is less than \$US300,000.

Virax said the amount raised or pledged by donors to The Theravax Foundation established for the purpose of the Southern Africa clinical trial was \$US5.67 million.

The company said it continues to seek further contributors for the project to be independently fully funded.

Virax said the funds raised in the share plan would provide working capital; provide the opportunity to benefit from milestone and royalty payments expected to be received under the Transgene sub-licence; and facilitate the Southern Africa clinical trial program.

The company said it would suspend payment of director's fees in cash and suspend payment of 25 percent of the two senior executives' cash remuneration. The suspended amounts will become payable on receipt of a payment from Transgene SA, if any, upon a corporate transaction or upon the appointment of an administrator.

Alternatively the executives may elect to be issued with shares based upon a five day average sale price rather than receive a cash payment for the suspended amounts.

Virax said that there was "a considerable risk" that if it experiences a funding gap or does not support the Southern Africa clinical trial, the potential commercial benefits from the Transgene sub-licence and clinical trial could be lost.

"Should this funding gap arise the company will need to consider its options which may include the sale of the Transgene sub-licence," Virax said.

That development might preclude the company from the longer term benefit of milestone payments and royalties from the success of Transgene products TG4001 and TG4010.

Virax said a funding gap could also lead to the privatization of its intellectual property assets including the Co-X-Gene and VIR201 intellectual property, the Transgene sub-licence and the Southern Africa clinical trial of VIR201.

The company said the privatization initiative would further reduce the costs.

"It is envisaged that this may involve a scheme of arrangement undertaken in accordance with the Corporations Act and under the supervision of the Court; and/or the placement of the company into voluntary administration.

The company said shareholders at the record date of January 27, 2009 would be eligible to participate in the plan.

The application forms are expected to be mailed to shareholders on or about January 29, 2009 with a closing date of February 18, 2009.

Parcels of shares can be bought in a range from \$1,000 to \$5,000.

Virax was down 0.2 cents or 5.56 percent to 3.4 cents.

USCOM

Uscom says it has received orders for 39 monitors so far this month.

The ultra sonic cardiac output monitors are believed to be worth about \$US20,000 each.

Uscom said orders were received from Pacific Medical Systems for nine units of which eight units were for China and one for Indonesia, a new market.

The company's US distributor, Spacelabs Healthcare, has placed an order for 30 units to support the US launch at the Society of Critical Care Medicine on February 1, 2009.

All of the units are to be delivered in January and will be branded Spacelabs Healthcare.

Uscom chief executive officer Paul Butler said it was "encouraging to start the new year off on such a positive note".

"The initial order from Spacelabs is part of their ramp-up and I look forward to receiving many more as their sales team progressively and more actively promote the Uscom product to their customers," Mr Butler said.

"I am pleased for the team at Pacific Medical Systems who are yielding the results of their efforts with multiple unit orders starting to come through from China and also their work in opening up new markets such as Indonesia," he said.

Uscom executive chairman and director of clinical science Rob Phillips said Spacelabs Healthcare had an extensive marketing infrastructure and would "be able to leverage our increasingly strong scientific position and achieve significant sales".

Uscom climbed 19.5 cents or 38.61 percent to 70 cents with 37,012 shares traded.

CSL

The US-based FMR Corp and Fidelity Investments reduced their substantial shareholding in CSL from 52,273,864 shares (8.67%) to 45,721,715 shares (7.58%) on January 20, 2009.

CSL was up \$1.63 or 4.84 percent to \$35.28 with 2.4 million shares traded.

QRX PHARMA

QRX says Dr Jesus Soriano has been appointed as an executive vice president responsible for business development.

The company said Dr Soriano had more than 17 years experience in healthcare management, basic and clinical research, professional services, regulatory compliance, as licencing and business development, including negotiating and executing deals worth \$US3.0 billion.

QRX chief executive officer Dr John Holaday said the company's approach was "to build a team of people who add value, broaden our collective knowledge and bring the experience necessary to advance the company's goals".

Prior to joining QRX Dr Soriano was senior director of business development at the Maryland-based Osiris Therapeutics, responsible for all business development activities, including intellectual property strategy and operations, out-licencing and divestiture.

QRX said that during Dr Soriano's tenure, Osiris Therapeutics formed a \$1.4 billion partnership with Genzyme Corp for the development and commercialization of Prochymal and Chondrogen, two first-in-class, late-stage adult stem cell products.

Dr Soriano also played a critical role in the divestiture of Osteocel to Nuvasive, worth up to \$137 million.

QRX is in phase III clinical trials for its dual opioid Moxduo IR.

QRX was untraded at 25 cents.

VICTORIA GOVERNMENT

Victoria's innovation Minister Gavin Jennings and Health Minister Daniel Andrews officially opened a tissue processing and storage facility at the Austin Hospital in Heidelberg.

Mr Jennings said the upgraded Austin Hospital facility was part of the Victorian Cancer Biobank, a not-for-profit consortium established in 2006 with a \$7 million grant from the Victorian Government's Science, Technology and Innovation Infrastructure Grants Program.

He said the tissue collection centre would strengthen Victoria's cancer research capability. "Cancer is the leading cause of death for Victorians - around 10,000 people die from cancer in this state every year," Mr Jennings said.

"The Brumby Government is taking action to expand Victoria's cancer treatment facilities because we want all Victorians to have access to the best possible treatments and benefit from ground-breaking research," Mr Jennings said.

"The Victorian Cancer Biobank is now one of the largest multi-centre collection facilities of its kind in the world, collecting tissue and blood from donors at 19 public and private hospitals in metropolitan Melbourne," Mr Jennings said.

"More than 6,000 people have donated their tissue and blood to the Biobank since October 2006 and over 24,000 bio-specimens have been supplied to cancer researchers throughout Australia," he said.

Mr Andrews said the new facility complemented Victoria's comprehensive three-year Victorian Cancer Action Plan 2008-2011, launched in December 2008.

"Victoria has an international reputation in cancer research but there is more to do, which is why the Brumby Government has identified improved cancer services as one of our key priorities," Mr Andrews said.

"Since 2000 this Government has invested nearly \$300 million in cancer research to create world class research facilities, including \$40 million on ground-breaking research activity through the Victorian Cancer Agency," Mr Andrews said.

Victorian Cancer Biobank executive officer Dr Anne Thompson said the Biobank could process and store tissue and blood samples donated by cancer patients who are undergoing surgery at Warringal and Northern Hospitals as well as Austin Health.

INCITIVE

Incitive shareholders will vote on the issue of 134,931,507 shares to pay convertible loan arrangements with Cygnet Capital and director Winton Willesee.

The resolutions for the meeting propose the issue of 94,995,000 shares to clients of Cygnet Capital along with 4,681,394 shares as interest payable on the loan; 5,005,000 shares to Mr Willesee as a related lender and 250,113 as interest; 5,000,000 shares to Cygnet for its role in the capital raising; and 25,000,000 shares to Cygnet as part consideration of its role in underwriting the non-renounceable right issue.

The meeting will be held at the boardroom of Vincents Chartered Accountants, Level 21, 300 Queen Street, Brisbane, Queensland on February 20, 2009 at 11am.

Incitive was untraded at three cents.