



Biotech Daily

Friday June 12, 2009

Daily news on ASX-listed biotechnology companies

- * **ASX UP, BIOTECH DOWN; SUNSHINE HEART UP 18%, LABTECH DOWN 7%**
- * **IT'S OVER - CEPHALON TAKES ARANA**
- * **POLARTECHNICS OFFERS 3-FOR-2 SHARES FOR FERMISCAN MERGER**
- * **VIRALYTICS ADDS \$7.4m NOTE TO CAVATAK TRIAL WAR CHEST**
- * **CAPITAL GROUP CLIENTS TAKE 12% OF COCHLEAR**
- * **BENITEC SHORTFALL RAISES \$30k**
- * **QIC QUILTS TYRIAN**
- * **NSW MINISTER JODI MCKAY OPENS \$3m NEUROLOGY RESEARCH UNIT**

MARKET REPORT

The Australian stock market climbed 0.4 percent on Friday June 12, 2009 with the S&P ASX 200 index up 15.0 points to 4,062.2 points.

Eleven of the Biotech Daily Top 40 stocks were up, 21 fell, seven traded unchanged and one was untraded.

Sunshine Heart was best, up 0.9 cents or 17.65 percent to six cents with 20,000 shares traded, followed by Viralytics up 11.4 percent to 3.9 cents with 1.4 million shares traded and Chemgenex up 10.5 percent to 63 cents with 1.5 million shares traded.

Biota, Polartechonics and Tyrian climbed more than seven percent; Cellestis was up 5.7 percent; Bionomics was up 4.3 percent; Acrux, Cathrx and Novogen were up more than one percent; with Resmed up 0.4 percent.

Labtech led the falls, down one cent or 7.4 percent to 12.5 cents with 3,389 shares traded.

Cytopia, Living Cell and Prana lost more than five percent; Avexa, Nanosonics and Universal Biosensors fell four percent or more; Alchemia, Benitec, Circadian, Clinuvel, Optiscan, Peplin, Pharmaxis and Phosphagenics shed more than two percent; with Cochlear, Genetic Technologies, Impedimed, Psivida and Sirtex down more than one percent.

ARANA

Cephalon International Holdings has reached its 90 percent compulsory acquisition target for its takeover of Arana.

A Cephalon spokesman told Biotech Daily after the market closed that the counting of acceptances today showed more than one million shares had been promised, taking the total above the critical 90 percent level.

The spokesman said the count would be confirmed and the market informed on Monday June 15, 2009.

Cephalon held 203,496,213 Arana shares or (89.24%) on June 10, 2009.

Arana was unchanged at \$1.39.

POLARTECHNICS. FERMISCAN

Polartechinics bidder's statement offers three of its shares for two Fermiscan shares to create the women's diagnostics company Novus Diagnostics.

Released after the market closed today, Polartechinics said the offer was scheduled to open on June 16, 2009 and close on July 15, 2009. The record date is June 12, 2009.

The defeating conditions include Polartechinics acquiring 90 percent of Fermiscan so it can compulsory acquire all the company's shares as well as "no new litigation or threatened action in relation to Fermiscan"

Yesterday Fermiscan said it would appeal the New South Wales Supreme Court judgment in favor of its technology's inventor Prof Veronica James (BD: Jun 11, 2009).

Judge Robert McDougall dismissed Fermiscan's claims and ordered Fermiscan pay costs estimated at about \$1.4 million.

The conditions also include no preliminary or final decision order or decree issued by a government authority; action or investigation announced, threatened or commenced by a government authority or application made to any government authority other than by Polartechinics or any of its associates.

Should the share offer be successful and the merger be completed the new company Novus Diagnostics would become "Australia's largest listed women's diagnostics company, specializing globally in women's health screening for cancers and serious illnesses" the bidder's statement said.

The bidder's statement gave an implied valued of 16.35 cents per Fermiscan share based on the volume weighted average price of a Polartechinics share on March 31, 2009.

Polartechinics said the implied value would vary with its market share price.

Biotech Daily has commented on Fermiscan's legal action against Prof James as well as supporting the Polartechinics-Fermiscan merger (BD: Apr 20 and 28, 2009).

Polartechinics climbed 0.7 cents or 7.8 percent to 9.7 cents.

Fermiscan was unchanged at 14 cents.

COCHLEAR

The US based Capital Group Companies increased its substantial holding in Cochlear from 6,145,347 shares (10.96%) to 6,718,374 shares (11.97%) on June 10, 2009.

Capital Group has been increasing its holding since November 3, 2008 when it had 8.80 percent of the company.

Capital Group said it did not own shares in Cochlear but held them on account for Capital Research and Management Company.

The shares were acquired at an average price of \$55.49.

Cochlear fell 82 cents or 1.43 percent to \$56.43.

VIRALYTICS

Viralytics has signed a \$US6 million (\$A7.4 million) convertible note facility with California's La Jolla Cove Investors Inc.

Viralytics said La Jolla Cove Investors was a private investment company that invests in small to mid-sized market capitalized publicly traded companies.

The company said that New York's Viriathus Capital acted as the exclusive placement agent for the transaction.

Viralytics managing director Bryan Dulhunty said the agreement "secures a valuable source of funds to support the company through a vital stage of its development".

"We now have the cash required to complete our phase I trials and conduct a commercially driven phase II clinical program," Mr Dulhunty said.

Viralytics said it was Australia's only listed company working in virotherapy, treating cancer with viruses that attack cancer cells.

The company said its lead product Cavatak was well advanced in three concurrent phase I clinical trials (BD: Apr 20, 2009)

Viralytics said the results to date were "encouraging" with meaningful patient data on the action of Cavatak on human solid tumors is being accumulated.

The company said a US-based specialized virus manufacturer had been appointed to produce Cavatak in preparation for phase II efficacy study trials expected next year.

Viralytics said the convertible note would provide medium term funding for the clinical development of Cavatak and related virotherapy activities.

The company said the convertible note facility was in addition to \$3 million in funds expected to be raised under the current options rights issue and a further \$9.1 million to be raised if the options are exercised (BD: Apr 22, Jun 1, 2009).

Viralytics said the key terms of the convertible note facility were that the facility comprises up to four \$US1.5 million convertible notes, each with a duration of two years from the first drawdown of the relevant convertible note and funds can be drawn at a rate of \$US250,000 a month. The notes bear interest payable to the holder at 4.75% a year.

Viralytics climbed 0.4 cents or 11.4 percent to 3.9 cents with 1.4 million shares traded.

BENITEC

Benitec says it has issued a further 1,010,000 placement shortfall shares at three cents a share raising a further \$30,300 (BD May 5, 27, 2009).

Benitec said 1,010,000 attaching options had been issued to subscribers.

Benitec fell 0.1 cents or 3.45 percent to 2.8 cents.

TYRIAN DIAGNOSTICS

The state-owned Queensland Investment Corporation has confirmed it has sold 41,899,136 Tyrian Diagnostic shares, ceasing its substantial shareholding.

QIC held as much as 19.9 percent of Tyrian as recently as March this year increasing its share holding while being diluted to 18.86 percent on March 27, 2009.

QIC has been selling off its holding in Tyrian since that time and has sold out of several other biotechnology companies.

Tyrian was up 0.2 cents or 7.69 percent to 2.8 cents.

[NEW SOUTH WALES](#)

New South Wales' Science and Medical Research Minister Jodi McKay has opened a \$3 million facility studying neurological conditions and spinal injuries.

The Prince Henry Wing of the Prince of Wales Medical Research Institute will conduct research into dementia, falls, spinal injury, schizophrenia and motor neurone disease.

A Government media release said that between 2006 and 2009 the Government provided more than \$4.5 million funding for the Prince of Wales Medical Research Institute.

The chief executive officer of the Prince of Wales Medical Research Institute Prof Peter Schofield said New South Wales Government support was crucial to providing the infrastructure that allows research to be undertaken.

"The \$4.5 million funding ... helps us to leverage Commonwealth and philanthropic support," Prof Schofield said.