



Biotech Daily

Thursday June 4, 2009

Daily news on ASX-listed biotechnology companies

- * **ASX DOWN, BIOTECH UP; PROGEN UP 10%, PRANA DOWN 10%**
- * **PHARMAXIS PLACEMENT RAISES \$47m; SHARE PLAN**
- * **ACRUX SIGNS SOUTH AFRICAN ELLAVIE DISTRIBUTION DEAL**
- * **AVEXA'S PHASE III HIV DRUG STEPS UP WITH LOWER DOSE**
- * **STEMCELLS INC SHUTS DOWN STEM CELLS AUSTRALIA**
- * **CATHRX PLACEMENT, RIGHTS ISSUE TO RAISE \$6.9m**
- * **COCHLEAR IN \$300m DEBT REFINANCING**
- * **SIRTEX FOUNDER DR BRUCE GRAY ROLLS THE BOARD DICE, AGAIN**
- * **CEPHALON 1.85% FROM ARANA COMPULSORY ACQUISITION**
- * **CHINA PAYS AGENIX \$91k, BUT NOT THE \$2.8m**
- * **STIRLING OPENS AMERICAS OFFICE; SELLS ANIMAL SUPPLEMENT**

MARKET REPORT

The Australian stock market fell 2.06 percent on Thursday June 4, 2009 with the S&P ASX 200 down 82.6 points to 3,934.6 points. Sixteen of the Biotech Daily Top 40 stocks were up, 11 fell, nine traded unchanged and four were untraded.

Progen was best, up eight cents or 9.82 percent to 89.5 cents with 1,000 shares traded, followed by Antisense up 5.3 percent to four cents.

Bionomics climbed 4.35 percent; Clinuvel, Heartware and Nanosonics rose more than two percent; Acrux, Cochlear, Genetic Technologies, Peplin, Polartech, Sirtex, Starpharma and Universal Biosensors were up more than one percent; with Arana, Chemgenex, CSL, Impedimed and Resmed up by less than one percent.

Prana led the falls, down two cents or 10 percent to 18 cents with 60,500 shares traded, followed by Optiscan down 9.09 percent to five cents.

Cathrx lost eight percent; Mesoblast fell 6.2 percent; Avexa and Benitec were down more than three percent; Tissue Therapies shed 2.9 percent; Pharmaxis fell 1.1 percent; with Biota, Cellestis and Novogen down by less than one percent.

PHARMAXIS

Pharmaxis has raised \$47 million through the placement of 20,000,000 shares at \$2.35 a share "to international investors and professional institutions".

The fund raising was managed by Wilson HTM Corporate Finance and was oversubscribed.

A share purchase plan capped at \$10 million will offer up to \$5000 of shares to shareholders at the same price.

The record date was June 1, 2009. The share plan opens on June 10 and closes on June 24, 2009.

Pharmaxis said the funds would principally be used for the commercial launch of Bronchitol for cystic fibrosis in both Europe and the US (BD: May 4, 2009).

Pharmaxis fell three cents or 1.14 percent to \$2.60 with 2.4 million shares traded.

ACRUX

Acrux has signed its first marketing and distribution agreement outside the US and Australia for its estradiol spray Ellavie for menopause.

Acrux said distribution rights for the spray had been granted to South African pharmaceutical company, Aspen Pharmacare which will market and promote the product in South Africa.

Acrux said it would receive an undisclosed signing fee, fees on achievement of marketing authorization in South Africa and a distribution fee based on net sales.

Acrux said Aspen would be responsible for obtaining the necessary regulatory approvals and the agreement was subject to the approval of the Exchange Control Department of the South African Reserve Bank.

The company said Ellavie was marketed in the US as Evamist and was under evaluation by the regulatory authorities in Australia and Sweden.

Aspen Pharmacare Australia was previously appointed as the distributor for Ellavie in Australia and New Zealand.

On May 12, 2009 Glaxosmithkline plc said it had extended "its strategic relationship" with Aspen Pharmacare and would acquire a 16 percent holding in the South African based company.

"This is part of a wide ranging agreement which includes combining commercial activities in Sub-Saharan Africa and the divestment of several assets to Aspen," Glaxosmithkline said on its website.

Acrux chief executive officer Dr Richard Treagus said Aspen had a strong market position "and formidable track record of delivery in the southern African region".

"We anticipate entering into further agreements for Ellavie with distributors in a number of other pharmaceutical markets around the world," Dr Treagus said.

Acrux said Ellavie was "a small, hand-held spray, designed to provide an easy and convenient means of delivering a preset dose of estradiol via the skin, in order to reduce symptoms that affect quality of life for many menopausal women".

The company said Estradiol was released into the blood stream on a sustained basis over 24 hours.

Prior to coming to Australia Dr Treagus was both head of sales and marketing at Aspen as well as head of business development (BD: Apr 20, 2007).

Acrux was up 2.5 cents or 1.92 percent to \$1.325.

AVEXA

Avexa says its data safety monitoring board has recommended continuation of its phase III trial of apricitabine for HIV using the lower 800 mg dose.

Avexa said the trial's 16-week data showed the optimum apricitabine, or ATC, dose was 800mg and patients taking the 1200mg dose will be transitioned to the 800mg dose and continue therapy.

Avexa chief executive officer Dr Julian Chick said the 800mg dose was "considerably easier to formulate into fixed dose combinations, thus increasing the commercial potential for ATC".

"Given ATC's excellent safety and activity profile, these results allow us to move forward with increased confidence in ATC as a treatment option for HIV patients," Dr Chick said.

Avexa said its phase III trial compared ATC to 3TC in drug-resistant HIV patients.

The 16-week component had three arms comparing doses of ATC at 800mg and 1200mg to the 3TC control arm with a minimum of 50 patients in each arm.

In all three arms, patients received either ATC or 3TC as part of an optimized background regimen.

The company said the 130-site trial would continue with two arms comparing the 800mg ATC dose to 3TC.

Avexa said patients from the earlier phase IIb study, which used the 800mg ATC dose, have been successfully treated with ATC for up to three years.

This provides further evidence of the safety, efficacy, and durability of 800mg ATC for the treatment of HIV, Avexa said.

Earlier this year, Dr Chick said the 16-week data would be an important indicator for the commercial success of apricitabine with the lower dose easier to incorporate into "a more convenient dosing regime for patients" (BD: Mar 5, 2009).

Avexa fell half a cent or 3.7 percent to 13 cents with 22.7 million shares traded

STEMCELLS

The Palo Alto California-based Stem Cells Inc will close its recently acquired Australian operation formerly owned by Stem Cell Sciences.

In March when the acquisition was announced Stem Cells Inc said it would acquire "most of the operating assets and liabilities of Stem Cells, including operations in Cambridge, UK and Melbourne, Australia, and substantially all its intellectual property portfolio".

"Most full-time staff will continue with Stemcells," the acquiring company said (BD: Mar 3, 2009).

Today Stremcells said that following completion of the acquisition, "we have made the difficult decision to close the Stem Cell Sciences Australia facility in an effort to streamline our operations and reduce overhead".

Stemcells said the Melbourne team had "achieved considerable scientific progress", but "the site's location adds too much complexity and cost to justify continuing ... operations".

"As a result, all of the scientific programs underway in Australia will be transferred to our Cambridge and Palo Alto sites, along with selected employees who have agreed to relocate," the acquiring company said.

"Our Australian colleagues have all been notified of these plans and are graciously supporting us with the consolidation efforts," the company said.

"We expect to complete this transition over the next three months and completely close the Australian facility by the end of August," Stemcells said.

Stem Cell Sciences was in a voluntary suspension prior to the merger and was renamed the Asset Realization Company. It last traded at 15 cents.

CATHRX

Cathrx hopes to raise \$6.9 million through a placement “to institutional, professional and sophisticated investors” along with a renounceable one-for-two rights issue.

The placement of 6,264,019 shares at 25 cents a share was expected to raise \$1.6 million while the 21.3 million right issue shares are expected to raise \$5.3 million.

The share plan record date is June 15, 2009. The offer opens on June 17 and closes on July 2, 2009. The placement and share plan are fully underwritten by Wilson HTM Corporate Finance.

Cathrx said the funds would be used to advance its sales and marketing efforts, fund ongoing development and commercialization activities including clinical studies, for general corporate purposes and to fund the costs of the offer.

Cathrx fell four cents or eight percent to 46 cents.

COCHLEAR

Cochlear has refinanced its corporate debt facilities, due to expire from 2010, with a multi-option revolving facility of \$300 million with a duration of three years to June 2012.

Cochlear said the facility was in addition to the funding arrangements for its \$128 million global headquarters on the South Precinct of Macquarie University in North Ryde, Sydney. The debt has been priced to current market margin levels and Westpac Banking Corporation is the sole lender.

Cochlear said it would lease the building for 15 years with options for further 10 and five year terms. Macquarie University has reserved adjacent land for future expansion.

Westpac will provide financing to Cochlear for the project and the Macquarie University development fee will be used to repay the Westpac construction finance.

Cochlear climbed 90 cents or 1.6 percent to \$57.00.

SIRTEX

Sirtex founder, former chairman and major shareholder Dr Bruce Gray has called an extraordinary general meeting to remove chairman Richard Hill as a director.

Dr Gray has been at the centre of the legal battle with Sirtex and the University of Western Australia over the intellectual property behind Sirtex’s SIR-Spheres, cancer treatment.

Sirtex’s involvement has effectively ended (BD: May 21, 2009) but the case continues between Dr Gray and the University where he was employed.

The University of Western Australia began Federal Court proceedings against Dr Gray, Sirtex and the Cancer Research Institute on December 22, 2004 claiming beneficial ownership of inventions developed by Dr Gray while employed at the University of Western Australia (BD: Aug 23, 2006).

Dr Gray previously tried to remove Mr Hill as a director in 2006 but attempted to withdraw the resolution from an extraordinary general meeting to be held on the same day as the annual general meeting (BD: Oct 23, 2006).

In 2006 the vote to proceed with the motion to remove Mr Hill was defeated by 24,268,015 votes to 17,818,876 votes and the motion to remove Mr Hill was not heard.

According to Sirtex’s 2008 annual report Dr Gray held 17,332,283 shares.

The extraordinary general meeting will be held on July 7, 2009 at the Stamford Grand Hotel, Cnr Epping and Herring Roads North Ryde, Sydney at 9am.

Sirtex was up five cents or 1.62 percent to \$3.14.

ARANA

Cephalon is within 4.2 million acceptances (1.85%) for the compulsory acquisition of Arana.

Cephalon said the number of acceptances increased from 197,323,160 acceptances (86.55%) to 200,997,372 acceptances (88.15%) on June 2, 2009.

Arana was up half a cent or 0.36 percent to \$1.40.

AGENIX

Agenix has received its May payment of RMB 500,000 (\$A91,253), but the Shanghai Rui Guang Bio-Pharma Development Co was unable to raise an expected \$2.8 million.

Agenix said in April that Shanghai Rui Guang would pay RMB44,000,000 (\$A9 million) by November 30, 2009 (BD: Apr 17, 2009).

Agenix said that if the Chinese company obtained finance, payment of RMB15,200,000 (\$A2.8 million) would be due on May 29, 2009; otherwise it would be due by November 30, 2009 along with the balance of RMB22,800,000.

The RMB15,200,000 payment was not made and in a media release to the ASX Agenix said the payment was conditional on the Shanghai Rui Guang obtaining finance from a People's Republic of China financial institution.

Agenix said negotiations were continuing and the installment was scheduled to be made on or by November 30, 2009 along with a balance of RMB22,800,000.

Agenix said that since December 2008 it had received RMB3,500,000.

"In the event the 'subject to finance' installment is not received by Agenix, additional funding will be critical to maintain adequate levels of working capital," the company said. Agenix said it was "actively seeking alternative funding".

Agenix is in a voluntary suspension and was untraded at 1.7 cents.

STIRLING PRODUCTS

Stirling says it has recorded a \$US10,000 "operating profit" from Mongolia from the sale of Immunoxel and other botanical products and sold its first batch of Provale animal food supplement.

Stirling said it had restructured its North American operations which are based in Canada at Charlottetown, Prince Edward Island, 500km from Quebec and 900km from New York City.

The company said Charlottetown was the centre for its sales managers for North and South America.

Stirling said it has made its first sale of Provale with an initial 400 kilogram being processed for a national distribution agent in Mexico.

The company said Provale was a patented yeast beta glucan.

Stirling was unchanged at 2.3 cents with 4.1 million shares traded.