



# Biotech Daily

Thursday November 5, 2009

*Daily news on ASX-listed biotechnology companies*

- \* **ASX, BIOTECH DOWN: LABTECH UP 8%; NOVOGEN DOWN 9%**
- \* **BIOTA, DAIICHI SANKYO START PHASE III 'FLU PREVENTION TRIALS**
- \* **STARPHARMA DEAL WITH UNNAMED US PESTICIDE COMPANY**
- \* **UNI OF WA TO PAY SIRTEX \$3.25m**
- \* **SENATOR KIM CARR OPENS \$1.5m CELLULAR IMAGING FACILITY**
- \* **AVEXA, J&J'S TIBOTEC EXTEND HIV PROGRAM OPTION**
- \* **HEARTWARE POSTS Q3 HEART PUMP REVENUE OF \$7.5m**
- \* **GENERA PLACEMENT RAISES \$2.3m**
- \* **OPTISCAN SHARE PLAN RAISES \$1.175m**
- \* **11% OF NANOSONICS OPPOSE DIRECTOR MAURIE STANG**
- \* **POKIES BRUCE MATHIESON TAKES 8% OF HALCYGEN**

## MARKET REPORT

The Australian stock market fell 0.7 percent on Thursday November 5, 2009 with the S&P ASX 200 down 32.1 points to 4508.0 points. Thirteen of the Biotech Daily Top 40 stocks were up, 18 fell, six traded unchanged and three were untraded.

Labtech was best, up one cent or 8.3 percent to 13 cents with 35,000 shares traded, followed by Mesoblast up 8.2 percent to \$1.19 with 139,733 shares traded.

Living Cell climbed 5.4 percent; Bionomics was up 4.6 percent; Genera was up 3.75 percent; Starpharma and Sunshine Heart rose more than two percent; with Cellestis, Sirtex and Universal Biosensors up more than one percent.

Novogen led the falls, down 5.5 cents or 9.2 percent to 54.5 cents with 140,043 shares traded followed by Optiscan down 9.1 percent to 10 cents.

Viralytics lost 7.1 percent; Alchemia and Avexa fell more than five percent; Clinuvel and Phylogica fell more than four percent; Tissue Therapies was down 3.3 percent; Biota, Cytopia, Impedimed, Phosphagenics, Prana and Psivida shed more than two percent; with Antisense, Genetic Technologies and Heartware down more than one percent.

## BIOTA HOLDINGS

Biota and Daiichi Sankyo have begun a phase III influenza prevention trial for the anti-influenza drug, CS-8958, in Japan.

The companies have reported previous phase III results on the long-acting neuraminidase inhibitor (LANI) compound as a treatment for existing influenza (BD: Aug 10, 2009).

Biota said the goal of the new trial was to gain an influenza prevention indication in Japan. The company said CS-8958 was a prodrug and administered by inhalation.

Biota said that once inhaled, CS8958 was converted to the active metabolite known as laninamivir.

The phase III trial is a multicenter, placebo-controlled, double-blind trial that will evaluate prevention and safety of CS-8958 for families of influenza A and B sufferers.

The study measures influenza transmission among those receiving CS-8958 or a placebo. It will be conducted in Japan and subjects will be enrolled from households with influenza infected patients.

Biota said the trial was intended to establish the optimum dosage of CS-8958 for the indication and provide a further evaluation of safety.

Intra-group comparisons will be made with regard to the incidence of adverse events and other safety measures.

Biota said Laninamivir was a novel neuraminidase inhibitor discovered by Daiichi Sankyo for the treatment of influenza and was co-owned with Biota.

An application for manufacturing and marketing approval is planned to be submitted by March 2010 for the treatment of adult and paediatric influenza using the results of the phase III therapeutic trial completed in June 2009.

Biota fell six cents or 2.2 percent to \$2.67.

## STARPHARMA

Starpharma's wholly-owned US subsidiary, DNT Inc has signed a research and collaboration agreement with "a prominent, US-based agricultural chemicals company".

Starpharma said confidentiality provisions prevented disclosure of the name of the company or the value of the collaboration.

Starpharma said it could not disclose whether the deal included up-front fees, milestone payment or royalties.

The company said DNT and the chemical company would use DNT's Priostar dendrimer technology "to enhance the performance of existing pesticides".

Starpharma said the approach was "a natural extension of Starpharma's drug delivery work, in which dendrimers extended the persistence of an active molecule, potentially reducing the amount of active that is required for a given effect".

The company said the agreement applied to specific classes of pesticides and did not prevent Starpharma's further commercialization of dendrimers more widely in the agricultural chemicals sector.

Starpharma said the global market for agricultural chemicals for 2008 was estimated to be \$US123.5 billion, of which pesticides was \$US35.8 billion.

Starpharma chief executive officer Dr Jackie Fairley said agricultural offered "an exciting and significant opportunity for the company in what is a completely new market for Starpharma's proprietary technology".

Dr Fairley said Starpharma was "committed to building its revenues through partnering with market leaders in selected, commercially attractive industry sectors, as this deal and our previous partnerships illustrate".

Starpharma was up 1.5 cents or 2.63 percent to 58.5 cents.

## SIRTEX

Sirtex says it will be paid \$3.25 million by the University of Western Australia within 14 days in settlement of the long running case involving Sirtex founder Dr Bruce Gray. Sirtex said its entitlement to interest on its costs and the amount of any interest would be determined separately by the Federal Court in Western Australia (BD: May 15; 21; Sep 8, Oct 7, 2009).

Sirtex said the University of Western Australia judgment dismissed the claims by the University against Sirtex and Dr Gray; found in favor of Sirtex on its cross claim against Dr Gray; ordered the University to pay Sirtex's costs of the University's claim against Sirtex; and ordered Dr Gray to pay Sirtex's costs of Sirtex's cross claim against Dr Gray.

The company said it had the benefit of the general costs orders in its favor against the University and Dr Gray and its claim for damages against Dr Gray, "in respect of which Sirtex will be claiming any costs not recovered from UWA".

Sirtex said it was "pursuing both claims as it has incurred in excess of \$5.5 million in legal costs and expenses in relation to the UWA proceedings and related matters".

Sirtex said it had settled its claim for costs against UWA.

The company said the hearing of the assessment of Sirtex's claim for damages against Dr Gray was scheduled for November 9 to 13, 2009, with the claim determined some time after the conclusion of the hearing when the court delivers its Judgment.

Sirtex climbed 10 cents or 1.7 percent to \$6.10.

## FEDERAL GOVERNMENT

The Minister for Innovation, Senator Kim Carr, has opened the \$1.5 million Microbial and Cellular Imaging and Analysis Facility at the University of Technology, Sydney.

Senator Carr said the Microbial and Cellular Imaging and Analysis Facility was one of 73 Australian Research Council's Linkage Infrastructure, Equipment and Facilities projects, receiving \$750,000.

A spokesman for Senator Carr told Biotech Daily the total cost of the facility was \$1.5 million.

"I am pleased to be here just one year later to open this world-class research facility," Senator Carr said.

"This facility will enable the development and application of state-of-the-art technologies for investigating microbes and the way they interact with other organisms, host cells and the environment," Senator Carr said.

"It will also allow Australian researchers to better detect, understand, and treat human, animal and plant diseases and the environmental impact of climate change," he said.

Senator Carr said the facility's Deltavision OMX "super-high-resolution microscope" was one of only two of this type in the world".

A media release from Senator Carr's office said the facility was a collaboration between the University of Technology, Melbourne's La Trobe University, the University of Melbourne, the University of Sydney and the University of Wollongong.

## AVEXA

Avexa says Tibotec has "agreed in principle" to extend the period of the exclusive option agreement on Avexa's HIV integrase program (BD: May 4, 2009).

Tibotec is a division of Johnson & Johnson and signed an initial six-month option for the HIV integrase program.

Avexa was down one cent or 5.3 percent to 18 cents with 1.5 million shares traded.

### HEARTWARE INTERNATIONAL

Heartware says it has received “a significant increase in revenues to \$7.5 million for the third quarter ended September 30, 2009” primarily from sales of its heart pumps.

Heartware said the figure compared to \$3.0 million in revenues in the three months to June 30, 2009 and \$4.4 million for the six months ended June 30, 2009.

The company said the net loss for the 2009 third quarter was \$5.9 million, compared to a \$4.9 million net loss in the 2008 third quarter.

Heartware chief executive officer Doug Godshall said that both European selling efforts and US trial progress for its left ventricular assist device were “tracking well”.

“Physician feedback has been positive and consistently supportive as we commence the early phases of marketing our device in approved countries,” Mr Godshall said.

“Total operating expenses for the 2009 third quarter were \$6.8 million as compared to \$8.7 million in the prior year comparative period,” he said.

“For the first nine months of 2009, total operating expenses were \$21.7 million compared to \$22.8 million in the equivalent 2008 period,” Mr Godshall said.

“The decreases are attributable to the re-allocation of production related costs to cost of revenues following the commencement of commercial sales and are also partially offset by expansion of commercialization activities in Europe following the receipt of CE Marking in January 2009, costs associated with the proposed Thoratec merger and the expansion of the company’s US clinical trial,” Mr Godshall said.

Heartware fell 1.5 cents or 1.5 percent to 99.5 cents.

### GENERA BIOSYSTEMS

Genera has raised \$2.3 million through a placement of 2,875,000 shares “to institutional, professional and sophisticated investors” at 80 cents a share.

Genera said the placement was managed by JM Financial Group and subscribers included new investors and additional investment from current shareholders”.

Genera was up three cents or 3.75 percent to 83 cents.

### OPTISCAN

Optiscan has raised \$1,174,700 including a \$50,000 placement through the issue of 11,747,000 shares at 10 cents a share.

Optiscan said the funds would “allow accelerated seeding of the high definition endoscope market and a concurrent condensed regulatory process”.

Optiscan fell one cent or 9.1 percent to 10 cents.

### NANOSONICS

Nanosonics overwhelming supported all resolutions to the annual general meeting but 10.7 percent of proxy votes opposed the reelection of director Maurie Stang.

Mr Stang was reelected with 88,990,731 proxy votes (89.26%) in favor with 10,708,627 proxy votes (10.74%) against.

The next closest votes were the issue of options to chief executive officer and director David Radford and director Dr Ron Weinberger, which were both passed with more 39.5 million votes in favor and 2.1 million votes against.

The remuneration report, the reelection of director David Slack and the employee share plan were passed overwhelmingly.

Nanosonics was up 0.5 cents or 0.98 percent to 51.5 cents.

## HALCYGEN

Gambling machine operator and Halcygen director Bruce Mathieson has increased his substantial shareholding from 3,987,345 shares (5.24%) to 11,533,833 shares (8.01%). Mr Mathieson said the 7,546,488 shares were acquired in a placement and share plan for \$1,509,297.60 or 20 cents a share. Halcygen was up five cents or 13.5 percent to 42 cents with 3.3 million shares traded.