



Biotech Daily

Friday November 6, 2009

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH UP: PHYLOGICA UP 15%; ANTISENSE DOWN 4%**
- * **BIOTECH DAILY'S FOURTH BIRTHDAY EDITORIAL**
- * **VERVA OPENS 1¢ A SHARE BUY-BACK**
- * **RESMED Q1 REVENUE UP 13%; PROFIT UP 50%**
- * **PEPLIN VOTES TO MERGE INTO LEO PHARMA, DEPART ASX**
- * **MESOBLAST CLAIMS MORE BONE-MARROW TRANSPLANT SUCCESS**
- * **PHARMAUST'S \$2.7m PROPERTY SALE CONFIRMED**
- * **MORGAN STANLEY TAKES 5% OF PRANA**
- * **ACRUX APPOINTS CREDIT SUISSE CORPORATE ADVISOR**
- * **VIRALYTICS APPOINTS PROF FLOSSIE WONG-STAAAL ADVISER**
- * **IMPEDIMED APPOINTS PEGGY BROOKER HEAD OF FINANCE**

MARKET REPORT

The Australian stock market rebounded 1.9 percent on Friday November 6, 2009 with the S&P ASX 200 up 86.0 points to 4594.0 points. Eighteen of the Biotech Daily Top 40 stocks were up, eight fell, eight traded unchanged and six were untraded. All three Big Caps were up.

Phylogica was best, up 1.5 cents or 15 percent to 11.5 cents with 87,000 shares traded, followed by Genera up 9.6 percent to 91 cents with 178,418 shares traded.

Chemgenex and Viralytics climbed more than seven percent; Alchemia, Circadian and Phosphagenics were up more than six percent; Acrux, Compumedics, Progen and Tyrian were up more than five percent; Bionomics was up 4.4 percent; Cytopia was up 3.2 percent; Pharmaxis and Resmed rose more than two percent; with Cellestis, Nanosonics and Sirtex up more than one percent.

Antisense led the falls, down 0.3 cents or 4.4 percent to 6.5 cents with 126,300 shares traded followed by Impedimed down 4.1 percent to 70 cents. Sunshine Heart lost 2.1 percent; with Living Cell and Psivida down more than one percent.

EDITORIAL

Tomorrow marks Biotech Daily's fourth birthday and publication of approximately 1,000 daily editions.

Apart from the one-month summer holiday each year, we are extremely pleased to report that we have not missed a single day of reporting and just as gratifying is that despite the global financial crisis, our subscriber base has grown over the past year – reflecting the health of the life sciences sector.

Thanks to everyone who has helped us along the way: David Blake, Shane Hickey, Marc Sinatra, George Fink, Stuart Garrow, Victor Wayne, Stephen Hall, Annie McLoughlin, Matthew Garrow, Ian Brown, Asheley Jones and Dr Alexander George Langsam.

And of course we could not be here reporting independently, without fear or favor, without our subscribers.

The subscriber base includes virtually every ASX-listed biotechnology company, most of the sector's institutional investors, several major pharmaceutical companies, key research institutions, intellectual property and legal firms, as well as physicians, specialists and hospital management.

It is this broad base that allows Biotech Daily the freedom to set a course of faithful reporting and stick to it – an unusual luxury in these days of heavily cross-owned and non-competing media, many with undeclared vested interests.

Biotech Daily occasionally receives suggestions for changes and we have introduced those that we deem worthwhile, such as the text version Blackberry edition. Some readers have suggested dispensing with the daily market report, others want more flashing lights and banner advertising, which have been rejected as distracting from the provision of factual information.

All readers are encouraged to email suggestions – all will be considered, but it must be said that the current straightforward format seems to be effective: boring, but informative. Thanks to everyone.

David Langsam
Editor

VERVA PHARMACEUTICALS

Verva is offering one cent a share for a voluntary, share buy-back.

Verva was de-merged from Chemgenex in December 2007 as a public unlisted company, when shareholders received an allocation of one Verva share for five Chemgenex shares. Earlier this year Verva completed a \$2 million financing for a phase Ib/IIa clinical proof-of-concept testing of the company's diabetes therapy VVP808 (BD: Jun 18, 2009).

Verva said there has been no formal mechanism for shareholders to trade shares and the company had "numerous enquiries" from shareholders wanting to trade their shares.

The company said it mailed a buy-back agreement to shareholders on November 5, 2009. The offer closes on November 27, 2009, but the company said the date could be extended at its discretion.

RESMED

Resmed says revenue for the three months to September 30, 2009 was up 13 percent to \$US247.0 million (\$A270.3 million) compared to the three months to September 30, 2008. The company said net profit for the three months was up 50 percent to \$42.2 million compared to the previous corresponding period.

Resmed said it spent \$US17.9 million on research and development about seven percent of revenue.

Resmed was up 15 cents or 2.8 percent to \$5.55 with 3.3 million shares traded.

PEPLIN

Peplin says the resolution to adopt the Leo Pharma merger was passed with more than 96 percent of the proxy votes in favor, representing 76 percent of the company's shares. Peplin said 11,714,747 proxy votes were in favor of the merger with 417,295 proxy votes opposed.

Peplin's trading halt requested earlier in the day was extended to a suspension pending delisting. Peplin said earlier this month that if approved the merger would become effective on November 12, 2009 (BD: Nov 2, 2009).

Peplin last traded at 91 cents.

MESOBLAST

Mesoblast says mid-trial results show its off-the-shelf mesenchymal precursor cells "expand haematopoietic stem cells in umbilical cord blood ... 40-fold".

In June Mesoblast said five patients treated with its mesenchymal precursor cells in a US phase I/II bone marrow transplant trial had more rapid engraftment than historical control patients (BD: June 24, 2009).

Mesoblast said the results came from the first 18 patients in sister company Angioblast's trial of bone marrow transplantation using umbilical cord blood expanded by the allogeneic mesenchymal precursor cells.

The company said Angioblast was conducting the trial at the University of Texas MD Anderson Cancer Center and the US National Institutes of Health had funded treatment for up to 30 patients.

Mesoblast said executive director Prof Silviu Itescu presented the interim results to investors at a UBS Healthcare Conference in Sydney and said the company's objective was "to develop a therapy that results in bone marrow reconstitution as effectively as unrelated adult bone marrow, but without the potentially life-threatening complication of graft-versus-host disease which occurs in as many as 60 percent of patients".

Prof Itescu said the mesenchymal precursor cells expanded haematopoietic stem cells in umbilical cord blood by about 40-fold.

In patients receiving mesenchymal precursor cell-expanded cord blood, the median time to neutrophil recovery was 16 days and to platelet recovery 38 days, compared with about 30 days and more than 90 days, respectively, in published reports of patients transplanted with an unexpanded cord.

Mesoblast said that to date, only two patients (11.1 %) had developed grade III/IV graft-versus-host disease, compared with 40 percent in published reports of patients transplanted with unexpanded cord blood.

"By increasing the overall success rate of an allogeneic bone marrow transplant while reducing the risk of graft-versus-host disease, our technology has the potential to lower the risk of infections, bleeding and death in critically ill patients with haematologic malignancies following chemotherapy," Prof Itescu said.

Mesoblast said the mesenchymal precursor cells used in the trial was being developed under a US Food and Drug Administration orphan drug designation granted to Angioblast for expanding haematopoietic stem and progenitor cell numbers in patients with haematologic malignancies.

Mesoblast said Angioblast would accelerate product registration in the US, Europe and Australia.

"This product has the potential to significantly shorten our timetable to commercialization and early revenues," Prof Itescu said.

Mesoblast was up one cent or 0.8 percent to \$1.20.

PHARMAUST

Pharmaust says the buyers of its Welshpool property in Perth have confirmed they have suitable finance arrangements for the \$2.7 million sale.

Pharmaust said that on settlement it would “immediately repay the current mortgage held against the property” and would add \$1.4 million to the company’s cash on hand.

Pharmaust was up 0.2 cents or 5.3 percent to four cents.

PRANA BIOTECHNOLOGY

Morgan Stanley Australia has become a substantial shareholder in Prana with a holding of 12,076,175 shares or 5.18 percent.

Morgan Stanley said it bought 12,014,175 shares at 18.5 cents a share on November 3, 2009.

Prana was unchanged at 19 cents.

ACRUX

Acrux has appointed Credit Suisse (Australia) as the company’s corporate advisor.

Acrux said Credit Suisse would “assist ... in the execution of the partnering process as well as optimizing strategic options associated with Axiron”.

Acrux recently announced phase III results for the Axiron testosterone replacement therapy and said it expected a licencing deal and US Food and Drug Administration approval by the end of 2010 (BD: Sep 29, 2009).

Acrux was up 10 cents or 5.1 percent to \$2.06 with 1.0 million shares traded.

VIRALYTICS

Viralytics has appointed Prof Flossie Wong-Staal to its clinical and scientific advisory board of Sydney based cancer research company Viralytics.

Viralytics said Prof Wong-Staal was currently the chief scientific officer and executive vice-president of the California-based Itherx Pharmaceuticals.

The company said Prof Wong-Staal was named as one of the top 50 women in science, and was elected to the National Academy of Science’s Institute of Medicine.

Viralytics’ managing director Bryan Dulhunty said the “high profile appointment was a coup for the company in implementing its plans to move to phase II trials”.

Viralytics was up 0.2 cents or 7.7 percent to 2.8 cents.

IMPEDIMED

Impedimed has appointed Peggy Brooker as vice-president of global finance, located at the company’s San Diego facility.

Impedimed said Ms Brooker was previously an audit partner for Ernst & Young in the US as well as a principal for Ernst & Young Australia, with experience in initial public offerings, implementation of strict financial controls and compliance.

Impedimed fell three cents or 4.1 percent to 70 cents.