



Biotech Daily

Friday October 9, 2009

Daily news on ASX-listed biotechnology companies

- * **ASX DOWN, BIOTECH EVEN: TYRIAN UP 9%; USCOM DOWN 19%**
- * **CBIO RAISES \$10m; READY FOR ASX IPO, XTOLL ARTHRITIS TRIALS**
- * **FERMISCAN'S FUTURE VERY UNCERTAIN**
- * **CATHRX 3 MONTH \$143k SALES BEST YET BUT BELOW TARGET**
- * **APOLLO REINSTATED**
- * **BAM OPPORTUNITY 'SHORT SELLS' 2.4% OF PRANA**
- * **LINK TRADERS REDUCE 1% IN PRIMA**
- * **ACUVAX-HAWAII EXPECTS \$1m IN 2009**
- * **IMPEDIMED RELEASES 7.5m ESCROW SHARES**

MARKET REPORT

The Australian stock market fell 0.33 percent on Friday October 9, 2009 with the S&P ASX 200 down 15.7 points to 4752.9 points.

Fourteen of the Biotech Daily Top 40 stocks were up, 13 fell, eight traded unchanged and five were untraded.

Tyrian was best, up 0.2 cents or 8.7 percent to 2.5 cents with 740,354 shares traded, followed by Avexa up one cent or 8.3 percent to 13 cents.

Viralytics climbed 7.1 percent; Benitec was up 5.8 percent; Cathrx and Sunshine Heart were up more than four percent; Novogen, Prana and Psivida rose more than two percent; with Biota, Mesoblast and Progen up more than one percent.

Uscom led the falls, down 15 cents or 18.75 percent to 65 cents with 2,500 shares traded, followed by Alchemia down 3.5 cents or 6.25 percent to 52.5 cents.

Living Cell lost 5.9 percent; Clinuvel, Impedimed and Starpharma fell more than four percent; CSL and Pharmaxis shed more than two percent; with Acrux, Cochlear and Nanosonics down more than one percent.

CBIO

CBio says it has raised \$10 million “ahead of a planned share market listing later in 2009” through the issue of 20 million shares at 50 cents a share.

In August CBio said it intended to resume its XToll rheumatoid arthritis clinical trial and eventually list on the ASX (BD: Aug 31, 2009).

CBio has previously said XToll, or recombinant chaperonin 10 (Cpn10), was a modified version of the naturally occurring protein chaperonin 10 (BD: May 28, 2008).

The company said it was intended for rheumatoid arthritis but had potential use in several autoimmune and inflammatory indications.

The trial was halted earlier this year with the company citing “impaired manufacturing capacity” (BD: Apr 3, 2009).

Today, CBio said that \$6 million of the capital raising was underwritten by Novus Capital which acted as financial advisor and underwriter and will be the advisor for the initial public offering.

CBio managing director Jason Yeates told Biotech Daily that the company hoped to conclude the initial public offering before the end of December, 2009.

The company said the funds would be used to continue development of XToll.

CBio said it had undertaken XToll trials in more than 150 patients and was conducting a phase II clinical trial in patients suffering moderate to severe rheumatoid arthritis, due for completion by July 2011.

CBio said XToll was developed from intellectual property generated at the University of Queensland and was protected by numerous patents and a notice of allowance covering the US market, where three major rheumatoid arthritis therapies generated sales in excess of \$US10 billion in 2008.

CBio said it had spent \$47 million on the development of XToll using funds “mainly from its existing shareholder base of sophisticated investors and smaller retail investors, as well as research grants”.

CBio executive chairman Stephen Jones said the amount of capital required to continue development of XToll meant that the IPO would target professional fund managers, institutions and the retail market.

“The planned ASX listing is a strategic initiative that will enable CBio to access funding from sources previously unable to invest in the company,” Mr Jones said.

“These funds will allow CBio to complete the development programme through to the end of the current clinical trial which, if successful, will be the most significant value inflection point for the company and for shareholders,” he said.

“Rheumatoid arthritis is a cruel disease. Joint destruction and pain inflicted can be so overwhelming as to severely affect quality of life,” Mr Jones said.

“I believe we have something unique here with the potential to make a real and positive difference to the lives of many millions of people,” he said.

Mr Yeates said successful results from the phase II clinical trials were expected to lead to an agreement with a major pharmaceutical company for the commercialization of XToll.

“We have an option agreement with Novo Nordisk, a top 20 global pharmaceutical company and world-leader in diabetes care, relating to the future development of XToll,” Mr Yeates said.

“This strategic relationship not only validates CBio’s science and clinical development program, but also presents an opportunity for a clear path for commercialization,” he said.

“The efficacy and safety profile of XToll, demonstrated in clinical trials completed to date, shows our product has the potential to match or outperform current therapies,” Mr Yeates said.

Mr Yeates said the company’s last raising was at 85 cents, earlier in 2009.

FERMISCAN

Fermiscan says its ability to continue as a going concern is dependent on new funding, cost reductions and the commercialization of its breast cancer test and licencing deals. Fermiscan's new board said it met today and described the business and economic outlook as presenting "significant challenges for funding the business".

The company said discussions with institutional and professional investors to secure additional equity funding did not produce the required funding.

As a consequence discussions have been discontinued, Fermiscan said.

The company said it had taken material steps to contain cash outlays and has achieved significant cost savings since July.

The directors said they had "formed the view that other strategic alternatives for extracting shareholder value should be explored, including the sale of the Fermiscan business at the same time taking all prudent steps to conserve existing cash".

"No assurances can be given that such sale or other option will be successfully pursued and brought to completion," the company said.

Fermiscan has recently been involved in a failed merger with Polartech (BD: Jul 16, 2009) and is in the appeal process of litigation against the inventor of its x-ray diffraction test of hair for breast cancer (BD: Aug 6, 2009).

Fermiscan fell 0.8 cents or 13.8 percent to five cents.

CATHRX

Cathrx says it had sales of \$143,100 in the three months to September 30, 2009, higher than the total sales for all of the 2008-'09 financial year.

Cathrx said sales of its cardiac catheter products were lower than the forecast earlier this year with about \$20,000 of the shortfall "due to the rise in the Australian dollar during the period, while the balance of the shortfall resulted from some one-off timing delays".

The company said that "summer vacations in Europe tend to delay new initiatives through July and August" and some sales targeted for the period would come in the December quarter.

Cathrx said that over the past six months, it had signed distribution agreements in Germany, Switzerland, Austria, Spain and Portugal as well as Scandinavia, Central Eastern Europe and the Baltic States.

Many of these distributors have shown their commitment by placing their first orders, the company said.

Cathrx said it was "satisfied that its sales program remains essentially on track".

Cathrx was up 1.5 cents or 4.4 percent to 35.5 cents.

APOLLO LIFE SCIENCES

The ASX has reinstated Apollo to trading and the company says it will remain in biotechnology for the time being.

Apollo was the first Australian biotechnology company to claim the global financial crisis as a reason for its demise (BD: Nov 3, 2008).

The company retains its Ellipse line of cosmetics and was previously developing platform technologies for oral and topical delivery of protein-based therapeutics which currently need injection.

Director Roger Steinepreis told Biotech Daily that Apollo remained a biotechnology company for the time being, while the new board considered all options.

Apollo fell 0.1 cents or 7.7 percent to 1.2 cents with 1.9 million shares traded.

PRANA BIOTECHNOLOGY

BAM Opportunity Fund and associates reduced their substantial holding in Prana from 24,965,500 shares (10.72%) to 19,285,500 shares (8.28%) on October 7, 2009.

BAM is associated with Hal Mintz and Ross Berman and the substantial shareholder notice said the companies sold 5,750,00 for \$1,321,225 or 22.98 cents a share.

The notice said the shares were sold through "ADRs borrowed under [a] Prime Broker account agreement' with BAM the borrower and Merrill Lynch Professional Clearing Corp the lender.

Prana climbed 0.5 cents or 2.3 percent to 22 cents.

PRIMA BIOMED

Link Traders and Link Superannuation have reduced their substantial holding in Prima from 41,346,153 shares (7.99%) to 36,346,153 shares (6.98%) on October 9, 2009.

The substantial shareholder notice said Laurence Stephen Freedman was a director of Link Traders and controlled Link Superannuation.

Prima fell 1.5 cents or 6.4 percent to 22 cents with 33.8 million shares traded.

ACUVAX

Acuvax says sister company Hawaii Biotech expects revenue of more than \$1 million for the year to December 31, 2009.

Acuvax said Hawaii was building sales of "high quality proteins derived from the proprietary, recombinant-DNA manufacturing platform" for diagnostic partnerships.

Hawaii chief executive officer Dr Elliot Parks said revenues from diagnostic antigen sales, and from cash grants, were "running significantly ahead of prior projections".

Acuvax said sales of proteins were to customers using them primarily in diagnostic kits for infectious diseases such as Dengue fever.

Acuvax climbed 0.1 cents or 5.3 percent to two cents.

IMPEDIMED

Impedimed says 7,510,126 shares held in escrow will be released on October 24, 2009.

Following the release on October 24, Impedimed will have 108,747,030 shares available for trading on the ASX.

The company said a further 277,998 shares held in escrow related to employee and performance share plans.

When all these shares have been released from escrow, Impedimed will have 109,025,028 shares available for trading.

Impedimed fell three cents or 4.5 percent to 64 cents.