



Biotech Daily

Thursday January 28, 2010

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH UP: PATRYS UP 54%; CATHRX DOWN 10%**
- * **CORRECTION: GENETIC TECHNOLOGIES, ASIC, DPP**
- * **UNIVERSAL BIO'S 1st (J&J LIFESCAN) PRODUCT ON THE DUTCH MARKET**
- * **PATRYS, CSL COLLABORATE ON ANTIBODY DRUGS**
- * **VIRAX RIGHTS ISSUE RAISES \$1.3m; RATIFICATION EGM**
- * **US ARMY'S FURTHER \$502k FOR AVITA'S RECELL WOUND TREATMENT**
- * **ATCOR REVENUE RISE UNDERPINS CASH**
- * **HEARTWARE DETAILS \$US55m CAPITAL RAISING**
- * **JM FINANCIAL BUYS GENERA, AUSTRALIAN ETHICAL SELLS**
- * **NARHEX CHAIRMAN DAVID MANDEL RESIGNS**
- * **BIOPROSPECT RAISES \$750k**
- * **STIRLING APPOINTS NEIL COVEY COO, SALES BOSS**

MARKET REPORT

The Australian stock market recovered 0.6 percent on Thursday January 28, 2010 with the S&P ASX 200 up 28.7 points to 4673.3 points. Fifteen of the Biotech Daily Top 40 stocks were up, 11 fell, seven traded unchanged and seven were untraded.

Patrys was best, up seven cents or 53.85 percent to 20 cents with 14.1 million shares traded. Compumedics, LBT and Starpharma climbed more than five percent; Phosphagenics was up 4.8 percent; Avexa, Prana and Sirtex were up more than three percent; Chemgenex, Living Cell, Sunshine Heart and Tissue Therapies rose more than two percent; with Genera up 1.3 percent.

Cathrx led the falls, down six cents or 10 percent to 54 cents with 11,150 shares traded, followed by Clinuvel down 6.5 percent to 21.5 cents. Viralytics lost 5.3 percent with 8.8 million shares traded; Antisense, Prima and Universal Biosensors fell more than three percent; Cellmid and QRX shed more than two percent; with Cellestis and CSL down more than one percent.

CORRECTION: GENETIC TECHNOLOGIES, ASIC, DPP

On Monday, Biotech Daily reported the Australian Securities and Investments Commission saying Genetic Technologies' former chief operating officer Geoff Newing pleaded guilty to five counts of market manipulation (BD: Jan 25, 2010).

In 2008 Mr Newing was charged with 192 counts of market manipulation (BD: Dec 17, 2008).

Spokespersons for ASIC and the Commonwealth Director of Public Prosecutions confirmed to Biotech Daily today that Mr Newing has pleaded guilty to about 160 counts of market manipulation and not five counts as quoted in the original ASIC media release.

The spokesperson for the Commonwealth Director of Public Prosecutions said Mr Newing pleaded guilty to 158 counts of market manipulation, while the ASIC spokesperson said it was 157 counts.

Genetic Technologies was untraded at 4.1 cents.

UNIVERSAL BIOSENSORS

Universal Biosensors first blood test for glucose levels is available in Netherlands as part of Johnson & Johnson subsidiary Lifescan's Onetouch Verio glucose monitor.

Universal Biosensors chief executive officer Mark Morrisson told Biotech Daily that Lifescan owns the commercialization rights to blood glucose and diabetes tests developed by his company, for which it has and will receive a range of fees, research and development expenses, milestone payments and manufacturing fees.

Universal Biosensors will receive manufacturing fees for the disposable test strips required for the diabetes glucose test.

Mr Morrisson said Universal Biosensors was developing tests for other indications for which it has the commercialization rights.

In a media release Universal Biosensors said Lifescan's new product incorporating Universal Biosensors technology is available for sale in The Netherlands under the Onetouch Verio brand (www.lifescan.nl).

The company said Conformité Européenne (CE) marking for the product was approved in November, but at that time the company was not allowed to disclose the location and there was speculation that the "initial regulatory clearance" was for the US (BD: Nov10, 2009).

Universal Biosensors said at that time that it the regulatory clearance triggered a \$US16 million (\$A17.2 million) milestone payment.

"The Netherlands is an excellent choice for a first European launch," Mr Morrisson said in the media release to the ASX.

"It is an intensely competitive marketplace that values the technology attributes developed by UBI", Mr Morrisson said.

"Regulators and key opinion leaders around the world are focusing on improved accuracy of glucose monitoring devices," he said.

"We believe [the] Verio product has industry-leading attributes and will be very successful in the market place."

The company manufactures the disposable test strip for the Verio product in its Rowville facility in Melbourne's eastern suburbs.

Universal Biosensors fell 6.5 cents or 3.4 percent to \$1.835.

PATRYS, CSL

Patrys says CSL has been granted an exclusive right to research and develop products based on two early stage antibodies from its pipeline

Patrys said CSL would pay an undisclosed upfront amount and undertake the research and development of antibodies at its own cost.

The company said that in addition to the upfront payments, it would receive "a number of milestone payments in the first 30 months of the agreement, and beyond, if development goals are met".

Patrys said it was entitled to royalties on sales once resulting products reach the market.

The company said CSL had the right to select up to two additional early stage antibodies from its pipeline for research and development at CSL's cost.

The exercise of this right, which has a defined expiration period, would also trigger upfront payments, contingent development milestone payments and royalties, Patrys said.

Patrys said specific financial and other commercial terms of the agreement were confidential.

The company said the agreement did not cover its lead products PAT-SM6, PAT-LM1 and PAT-SC1.

Patrys chief executive officer Dan Devine said the collaboration had "many elements necessary for success".

"CSL is a global biotech company with the necessary experience to develop and commercialize antibodies," Mr Devine said.

"In addition, CSL has committed to invest the time and resources needed to properly explore, advance and develop these early stage product opportunities," Mr Devine said.

"This factor has the added benefit of allowing Patrys to focus its efforts and resources on the clinical development of our more mature product candidates," he said.

"Finally, as CSL is local, our teams can work seamlessly together to ensure that the projects move forward as effectively as possible," Mr Devine said.

CSL's

CSL director of research Dr Andrew Nash said Patrys had "developed a novel approach to the identification of potential therapeutic antibodies and targets for the treatment of cancer".

Patrys climbed seven cents or 53.85 percent to 20 cents with 14.1 million shares traded.

CSL fell 50 cents or 1.6 percent to \$30.85 with 2.3 million shares traded.

VIRAX

Virax says its one-for-five rights issue to raise \$1,307,000 was oversubscribed and it received applications for 29,430,443 shares worth \$1,471,522.15.

Shareholders applied for entitlements of 15,151,518 shares worth \$757,575.90, with applications for 14,278,925 additional shares worth \$713,946.25.

Virax said that with no shortfall, the additional shares would be scaled back by 22.94 percent.

Shareholder approval will be sought on a number of related matters including the issue of unlisted options, the placement of shares to a company associated with director Dr Albert Ting and the employee share and option plans.

The meeting will be held at the Quest Beaumont, 7 Studley Park Road, Kew, Victoria on February 25, 2010 at 2.30pm.

Virax climbed 0.1 cents or 1.5 percent to 6.6 cents.

AVITA MEDICAL

The US Armed Forces Institute of Regenerative Medicine has awarded Avita \$US450,000 (\$A502,000) to expedite US approval of its Recell wound treatment.

Avita said the grant for the autologous spray-on skin product was in addition to the \$US1.45 million grant in May 2009 (BD: May 27, 2009).

Avita said the additional funding followed "recognition of the Recell regenerative technology as a crucial technology in the Department of Defense's [Armed Forces Institute of Regenerative Medicine] program and is a resounding endorsement of the product".

Avita said it was awarded the additional grant following a review of the program by Armed Forces Institute of Regenerative Medicine (AFIRM) project leaders.

The company said the program was established in April 2008 and was "dedicated to bringing 'transformational technologies' in regenerative medicine to wounded soldiers by developing clinical therapies and advanced treatment options".

Avita chief executive officer Dr William Dolphin said the original grant and the additional funding was a substantial endorsement of Recell.

"We greatly appreciate the continued support of AFIRM," Dr Dolphin said.

"The Department of Defense has recognized the major benefits which Recell provides to patients and surgeons with improved outcomes and decreased morbidity," Dr Dolphin said.

"It should also result in significant reduction in costs to the healthcare system and third party payers with reduced hospitalization times and ongoing treatment costs," he said.

"We and the AFIRM program leaders are confident that Recell will redefine the clinical treatment of burns, scar remodeling and other skin defects and injuries," Dr Dolphin said.

Avita was up one cent or 6.45 percent to 16.5 cents.

ATCOR MEDICAL

Atcor says that although its Appendix 4C cash flow statement shows it had less than two quarters cash at December 31, 2009 revenues are expected to increase strongly in 2010.

The company said its net operating cash burn for the three months to December 31, 2009 was \$1,077,000 with \$1,972,000 cash at the end of the quarter.

The Appendix 4C also showed receipts from customers for the quarter of \$1,682,000.

Atcor company secretary Peter Manly told Biotech Daily that the company expected "a far stronger second half" for the six months to June 30, 2010 "with a double digit sales growth over the second half of the previous year".

Atcor fell half a cent or 2.8 percent to 17.5 cents.

HEARTWARE INTERNATIONAL

Heartware says the capital raising announced yesterday hopes to raise \$US54,574,327.50 through the issue of 1,537,305 shares at \$US35.50 a share.

Heartware said the offer was increased from the previously announced 1,500,000 shares and it had granted the underwriters an option to purchase up to an additional 230,595 shares of common stock to cover over-allotments.

Heartware expects to use the net proceeds of the offering for general corporate and working capital purposes.

Heartware expects to use the net proceeds of the offering for general corporate and Heartware was unchanged at \$1.09.

GENERA BIOSYSTEMS

JM Financial Services has increased its substantial shareholding in Genera from 3,900,350 shares (6.33%) to 4,368,570 shares (7.89%).

At the same time Australian Ethical Smaller Companies Trusts decreased its substantial shareholding in Genera from 3,689,506 shares (6.67%) to 3,130,489 shares (5.66%). Genera was up one cent or 1.3 percent to 80 cents.

NARHEX LIFE SCIENCES

Narhex says David Mandel has resigned as a director of the company.

The company said that its executive director of China operations, Peter Nash had been appointed chairman and will oversee day-to-day operations.

Mr Mandel was appointed chairman on December 22, 2009 following the sudden death of executive chairman Dr Michael Cohen (BD: Jan 17, 2010)

Narhex is in a suspension and last traded at 1.6 cents.

BIOPROSPECT

Bioprospect says it has raised \$750,000 through the placement of 21,428,571 shares at 3.5 cents a share.

Bioprospect said each placement share comes with two separate attaching options.

Bioprospect fell 0.1 cents or 2.6 percent to 3.7 cents.

STIRLING PRODUCTS

Stirling has appointed former director Neil Covey as the executive sales and marketing director and chief operating officer.

Stirling also announced a Ukrainian trial of the over-the-counter dietary supplement, Immunoxel that the company distributes.

Stirling was unchanged at 1.4 cents with 12.9 million shares traded.