



Biotech Daily

Friday July 2, 2010

Daily news on ASX-listed biotechnology companies

- * **ASX FLAT, BIOTECH DOWN: CELLMID UP 11%; ANTISENSE DOWN 7%**

- * **IMUGENE UP 63% ON LIKELY RE-LICENCE OF ANIMAL HEALTH ASSETS**

- * **VIRALYTICS OPTIONS RAISE \$2.4m**

- * **JOJO ENTERPRISES TAKES 5% OF BPH CORP**

- * **WILSON HTM DILUTED TO 7% OF CATHRX**

MARKET REPORT

The Australian stock market edged up 0.3 percent on Friday July 2, 2010 with the S&P ASX 200 up 1.2 points to 4238.7 points.

Eight of the Biotech Daily Top 40 stocks were up, 14 fell, eight traded unchanged and 10 were untraded.

Cellmid was best, up 0.2 cents or 10.53 percent to 2.1 cents with 568,799 shares traded, followed by Living Cell up 9.5 percent to 23 cents with 5,000 shares traded.

Phylogica climbed 7.1 percent; Viralytics was up 5.1 percent; Nanosonics was up 3.8 percent; Clinuvel and Phosphagenics rose more than two percent; with Bionomics and CSL up more than one percent.

Antisense led the falls, down 0.1 cents or 7.1 percent to 1.3 cents with 90,319 shares traded, followed by Tissue Therapies down 5.1 percent to 18.5 cents with 251,000 shares traded and LBT down 0.3 cents or 4.6 percent to 6.2 cents with 1,000,000 shares traded.

Benitec, Heartware, Novogen and Prana lost more than three percent, Alchemia, Pharmaxis and Universal Biosensors shed two percent or more; with Acrux, Chemgenex, Cochlear and Mesoblast down more than one percent.

IMUGENE

Imugene says it is in negotiations to licence all its pig and poultry animal vaccine and productivity drug intellectual property in return for fees, milestone payments and royalties. In 2008, Imugene announced a seven year, \$30 million licencing agreement with Merial, which was then a joint venture of Merck and Sanofi Aventis and later became a Sanofi Aventis wholly-owned subsidiary (BD: Jan 16, 2009).

Imugene said at that time that it received an initial payment of \$US2 million (\$A2.9 million) for reimbursement of past research fees.

Imugene's chief executive officer Dr Warwick Lamb told Biotech Daily that Merial had been unable to progress development as had been planned, did not meet its internal milestones and the agreement was terminated in January, 2010.

In a media release to the ASX, Imugene said that following discussions with several leading animal health companies, it had selected a preferred partner and had entered into extensive due diligence.

Imugene said its preferred bidder was an unnamed animal health company, which was finalizing the due diligence review on Imugene's technology and worldwide intellectual property position.

The company said that discussions with the other interested parties were on hold.

Imugene said it was offering "a worldwide, exclusive licence to all of its intellectual property in return for reimbursements of expenditure, fees, milestone payments and royalties".

"It is our priority to secure a deal that will deliver the best possible value for shareholders and see Imugene's portfolio of animal vaccines and productivity enhancers commercialized and taken to market," Dr Lamb said.

"Taking the necessary time to select the right partner and ensuring both parties expectations are aligned is critical to achieving this outcome," Dr Lamb said.

Separately, Imugene said that in parallel with partnering discussions, Imugene had continued to advance the development of its vaccines, including the Porcine Reproductive and Respiratory Syndrome (PRRS) vaccine, with a US challenge trial underway.

Imugene said the trial would evaluate aspects of the vaccine which would assist with advancing the product development process including manufacturing cell line selection. Imugene said two vaccine doses were administered to 60 pigs, without any reaction or health issues.

Imugene climbed 2.2 cents or 62.9 percent to 5.7 cents with 731,256 shares traded.

VIRALYTICS

Viralytics says that it has raised \$2.4 million through the exercise of 87 percent of its listed options.

Last year, Viralytics raised \$914,842.19 through an options rights issue with the options costing one cent with a further three cents payable to convert to shares by June 29, 2010 (BD: Apr 22, Jul 1, 2009).

The company hoped at that time to raise an initial \$3 million with the option conversion providing a further \$12.1 million if all those options were converted.

Viralytics said today that following the options' expiry on June 29, 2010, the 12,135,448 options (\$364,063) that were not exercised had lapsed.

The company said that as a result of the shortfall, it had exercised the call-put option and would place 12,135,448 shares at four cents a share raising a further \$500,000.

Viralytics said that with receipt of the placement funds, cash at bank would be \$5.6 million.

Viralytics was up 0.2 cents or 5.13 percent to 4.1 cents.

BPH CORPORATE

Jojo Enterprises has become a substantial shareholder in BPH (formerly Biopharmica) with a holding of 10,468,755 shares or 5.06 percent.

The notice to the ASX signed by Jojo director Shaun Factor, said the Caulfield Victoria investment group paid seven cents a share for the holding.

BPH was unchanged at 7.1 cents.

CATHRX

Wilson HTM and associates have had their 9,816,838 share substantial holding in Cathrx diluted from 8.94 percent to 6.93 percent following the company's capital raisings.

Cathrx has raised a total of \$11.4 million through a rights issue (BD: Apr 21, 2010) and a placement (BD: Jun 28, 2010).

Cathrx was untraded at 26.5 cents.