



Biotech Daily

Friday June 11, 2010

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH UP: LBT UP 14%, BENITEC DOWN 8%**
- * **FEDERAL COURT FINDS IN FAVOR OF SIRTEX AGAINST DR BRUCE GRAY**
- * **CALZADA'S POLYNOVO, BIOMET END LICENCE**
- * **EASTLAND PREPARES PHASE III MALARIA TRAIL, BERLIN PHARMA BUST**
- * **IMMURON, NYCOMED EXPAND INDICATIONS, TARGET MARKETS**

MARKET REPORT

The Australian stock market climbed 1.6 percent on Friday June 11, 2010 with the S&P ASX 200 up 70.2 points to 4505.5 points.

Eighteen of the Biotech Daily Top 40 stocks were up, six fell, 10 traded unchanged and six were untraded. All three Big Caps were up.

LBT was best, up one cent or 14.3 percent to eight cents with 10,000 shares traded, followed by Compumedics up 13.8 percent to 16.5 cents with 110,000 shares traded.

Cathrx climbed 8.1 percent; Alchemia was up 6.7 percent; Clinuvel, Living Cell and Phylogica were up four percent or more; Bionomics, Chemgenex and Sunshine Heart were up more than three percent; Biota and Mesoblast rose more than two percent; with Cellestis, Cochlear, Pharmaxis, Sirtex and Starpharma up one percent or more.

Benitec led the falls, down 0.3 cents or 8.3 percent to 3.3 cents with 341,112 shares traded, followed by Novogen down 1.5 cents or 8.1 percent to 17 cents with 232,608 shares traded.

Nanosonics fell 4.6 percent; Heartware and Prana were down more than three percent; with Virax down 1.4 percent.

SIRTEX MEDICAL

Sirtex says that Federal Court Justice Michael Barker yesterday delivered a judgment in favor of Sirtex's damages claim against founder and former chairman Dr Bruce Gray. Sirtex said that Justice Barker in Perth found that there was an 86 percent probability that Sirtex would have settled any claim by the University of Western Australia and avoided the costs of the proceedings had Dr Gray not breached his duties and misled the company in failing to disclose correspondence between him and the vice-chancellor of the University in 1999.

The company said Justice Barker found that Sirtex was entitled to recover 86 percent of the costs not recovered from the University of Western Australia and interest on that amount.

Sirtex said Justice Barker requested the parties agree the precise amounts following from his findings and has re-listed the proceedings for the entering of final orders for June 17, 2010.

Sirtex said it was a party to proceedings in the Federal Court issued by the University of Western Australia with Dr Bruce Gray a party to the proceedings.

Dr Gray is a substantial shareholder in Sirtex.

In 2008 Justice Robert French delivered a judgment in the proceedings which included dismissing the claims by the University against Sirtex and Dr Gray; finding in favor of Sirtex on its cross claim against Dr Gray, with Sirtex's damages to be assessed separately; ordering the University to pay Sirtex's costs of the University's claim against Sirtex; and ordering Dr Gray to pay Sirtex's costs of Sirtex's cross claim against Dr Gray (BD: Apr 18, 2008).

Sirtex said it incurred more than \$5.5 million in legal costs and expenses in relation to the proceedings and related matters.

Last year, Sirtex settled its claim for costs against the University of Western Australia and received \$3.25 million (BD: Nov 5, 2009).

Sirtex sought from Dr Gray, as damages under the cross claim, the costs not recovered from the University.

Sirtex was up five cents or one percent to \$5.05

CALZADA, POLYNOVO

Calzada says its wholly-owned subsidiary Polynovo Biomaterials and the Warsaw Indiana-based Biomet Inc have terminate their partnering and licencing agreement.

Calzada said the 2007 collaboration focused on the development and supply of Polynovo's biodegradable polymer Novosorb for potential application in cranial and facial surgery and for cartilage repair.

Calzada said when it released its interim results in February 2010 that little progress had been made on the project it would either reshape the agreement on areas with greater potential or terminate the relationship.

The company said that after further discussions between the two groups "it was mutually decided to terminate the current agreement".

Calzada executive chairman David Franklyn said that Polynovo had "a good working relationship and respects the skills and expertise of the Biomet group".

"We will continue to discuss future opportunities in a range of fields with Biomet whilst also pursuing other partnerships in the areas covered by this agreement," Mr Franklyn said.

The company said that as a result of the termination, all of Polynovo's intellectual property and licence rights would return to the company.

Calzada was unchanged at 2.7 cents.

EASTLAND MEDICAL SYSTEMS

Eastland says it is preparing for its phase III trial of sub-lingual Artimist for paediatric malaria and may drop bankrupt manufacturer HC Berlin Pharma AG.

Eastland said it had been in discussion with Berlin Pharma on a range of commercial issues and had held "positive" talks with the company (BD: Mar 2; Apr 28, 2010).

Eastland said it had been informed by Berlin Pharma chief executive officer Dr Roland Wildner that following a review he was forced to commence insolvency proceedings.

Eastland said it did not believe the insolvency provisions would have "any material adverse operational effect on Eastland".

The company said that if Berlin Pharma was unable to manufacture Artimist as a result of the insolvency proceedings, "Eastland does not anticipate any manufacturing difficulty due to its current agreement with Protopharma Ltd which provides for the supply of Artimist product to be manufactured in the UK".

Eastland said it had no amounts owing to Berlin Pharma, except that it might have to write off the balance of its investment in Berlin Pharma which at December 31, 2009 was \$1.113 million with amounts receivable of \$57,000.

Eastland said Artimist was a patented delivery technology for the drug Artemether and was specifically designed to provide a rapid first line treatment of children with severe or complicated Plasmodium falciparum malaria, or uncomplicated Plasmodium falciparum malaria with gastrointestinal complications.

In April, the company released its phase IIa Rwanda trial data showing that sublingual Artimist equaled the safety and efficacy of intravenous quinine (BD: Apr 28, 2010).

As a consequence of the successful Artimist clinical trials UK consultants Protopharma was engaged to conduct an extended study to confirm the results in a larger group of patients, the company said.

Eastland said the confirmatory trial was on schedule and staff from Protopharma and Onq Research South Africa had visited clinics in a number of African countries to audit and arrange to conduct the phase III trials later this year.

Protocols will be submitted in each country for approval subject to the local requirements, which will allow final selection of sites in each location.

The African trials are due to begin in September 2010.

Eastland was up 0.1 cents or 2.1 percent to 4.8 cents.

IMMURON

Immuron says that following the licence of Travelan to Nycomed Australia the two companies hope to expand the number of indications and increase the sales markets. Immuron said the over-the-counter Travelan was a bovine colostrum-derived product to prevent travelers' diarrhoea and the two companies would work to develop other formulations targeting the reduction of the symptoms of minor gastro-intestinal disorders. The company said it would negotiate further licence agreements with the Zurich-based Nycomed Global for the distribution of Travelan to Brazil, Russia with other countries in Europe and Asia.

Immuron was unchanged at 6.3 cents.