



# Biotech Daily

Thursday September 16, 2010

*Daily news on ASX-listed biotechnology companies*

- \* **ASX, BIOTECH DOWN: QRX UP 7%, BENITEC DOWN 9%**
- \* **SUNSHINE HEART PLACEMENTS, RIGHTS ISSUE TO RAISE \$22m**
- \* **IMUGENE LEAD CANDIDATE BEST FOR PIG VIRUS**
- \* **ANNMAC TAKES 22% OF AGENIX**
- \* **GENERA COMPANY SECRETARY GEOFF WIDMER RESIGNS**
- \* **STIRLING BUYS PROFITABLE PATHOLOGY BUSINESS FOR \$3m SHARES**

## MARKET REPORT

The Australian stock market fell 1.21 percent on Thursday September 16, 2010, with the ASX200 down 56.2 points to 4605.3 points.

Nine of the Biotech Daily Top 40 stocks were up, 15 fell, 13 traded unchanged and three were untraded.

QRX was best, up seven cents or 7.4 percent to \$1.02 with 42,130 shares traded.

Genetic Technologies climbed 3.3 percent; Living Cell, Optiscan and Viralytics rose more than two percent; with Acrux, Cellestis, Cochlear, Heartware, Resmed and Universal Biosensors up by less than one percent.

Benitec led the falls, down 0.2 cents or 8.7 percent to 2.1 cents with 551,582 shares traded, followed by Patrys down 6.25 percent to 7.5 cents with 263,250 shares traded.

Phosphagenics lost 4.1 percent; Virax fell 3.6 percent; Biota, Clinuvel, Nanosonics and Sirtex shed more than two percent; with Alchemia, Bionomics, Chemgenex, Phylogica and Psvida down more than one percent.

## SUNSHINE HEART

Sunshine Heart hopes to raise up to \$22 million through two placements and a non-renounceable rights offer, all at 2.8 cents a share.

The company said every two new shares would come with an attaching option exercisable at 3.2 cents with a four year expiry period for the date of issue.

Sunshine Heart said it hoped to raise \$3.7 million in the first placement, up to \$11 million in the rights issue and \$7.3 million in the second placement, up to three months later.

The company said that major shareholders GBS Venture Partners and CM Capital intended to take up their full rights entitlement amounting to 51.5% of the rights issue and ensuring a minimum of \$5.68 million would be raised in the issue.

Sunshine Heart said the funds would be used to conclude the current feasibility trial and preparing the application for the larger US pivotal trial; prepare for Conformité Européenne (CE) mark approval; complete development of tools for minimally invasive C-Pulse procedures; continue product development; hire personnel; file an application to list on a US stock exchange; and provide working capital.

An extraordinary general meeting will be held on October 25, 2010 for shareholder approval of the placement and for a further placement to raise \$7.3 million.

Sunshine Heart said the rights offer would follow the extraordinary general meeting and the record, opening and closing dates would be announced at that time.

The placement and rights issue will be managed by Summer Street Research Partners in the US and RBS Morgans in Australia.

Sunshine Heart closed unchanged at three cents having traded down most of the day.

## IMUGENE

Imugene says a second US trial of four porcine reproductive and respiratory syndrome (PRRS) vaccine candidates shows they all reduce the severity of the disease.

Imugene said the trial showed reduced severity "when measured against parameters similar to those used by the US Department of Agriculture in the US regulatory approval process for PRRS vaccines" with the company's lead candidate the best performer.

The company said the "strong efficacy findings" replicated 2008 US trial results and the lead candidate for the trial was produced in a way that would simplify the vaccine registration process, particularly in respect of the cell line used for manufacture for sale.

The trial was also used to determine whether any variations of the vaccine could produce better trial results than the lead vaccine candidate used in the 2008 trial and while all four candidates were effective against PRRS, the current lead PRRS vaccine performed better than any of the variations tested.

Imugene said porcine reproductive and respiratory syndrome was caused by a viral infection and resulted in damage to the respiratory system of pigs, as well as increased incidences of abortion, premature farrowing and stillborn piglets, causing losses of up to \$US1 billion every year.

Imugene said that all pigs in the trial were challenged with the live PRRS virus.

When compared to pigs who did not receive the vaccination, the pigs vaccinated with the PRRS lead candidate were found to have lower lung lesion scores, indicating a lower level of the disease; reduced levels of the virus in the blood (viraemia), indicating reduced duration and severity of the disease; and fewer pigs had virus isolated from lung samples. Imugene managing director Dr Warwick Lamb said the results showed "that the lead candidate PRRS vaccine provides the best protection against the PRRS disease in the main three parameters measured".

Imugene was up 0.7 cents or 8.6 percent to 8.8 cents.

### AGENIX

Annmac Investments has increased its substantial shareholding in Agenix from 40,357,376 shares (8.15%) to 142,319,876 shares (121.70%).  
Annmac said 100,000,000 shares related to the conversion of a convertible note.  
Annmac cites as related parties Diana McNamara and Agenix director Christopher McNamara (BD: Aug 27, 2010).  
Agenix was unchanged at 3.3 cents.

### GENERA BIOSYSTEMS

Genera says company secretary Geoff Widmer has resigned and chief financial officer Tony Panther has been appointed company secretary.  
Genera was unchanged at 48 cents.

### STIRLING PRODUCTS

Stirling says it has conditionally acquired the business and assets of Sydney pathology business Halcion for \$3,305,000 to be paid with 330.5 million shares.  
Stirling said it would acquire an 80 percent interest in Halcion for \$2,645,000 as 264.5 million shares.  
The company said that the balance of 20 percent was held through a co-operative and was subject to the co-operative meeting to agree to accept a further 66 million shares in consideration of the balance \$660,000.  
Stirling said the acquisition was effective from today but subject to ongoing due diligence to be completed within 30 days and shareholder approval for the issue of the shares.  
The company said Halcion was headquartered in Sydney where it began operations three years ago managing and operating a national pathology business with laboratory services.  
Stirling said Halcion operates profitably with the pathology business generating revenues of about \$7.5 million a year.  
Last month, Stirling said it acquired a 65 percent controlling interest in the \$7 million Telemedcare for \$511,302 over 12 months as settlement of the company's trade creditors.  
Stirling said it would provide \$3 million over 18 months and allow for the repayment of shareholder loans of \$3.66 million from future Telemedcare profits (BD: Aug 3, 2010).  
Stirling was unchanged at one cent with 25.5 million shares traded.