



Biotech Daily

Wednesday December 3, 2008

Daily news on ASX-listed biotechnology companies

- * **ASX FLAT, BIOTECHS UP: STARPHARMA UP 24%, BENITEC DOWN 11%**
- * **VENTRACOR BEGINS FDA MARKET APPLICATION; CASH UPDATE**
- * **PORTLAND ORTHOPAEDICS IN VOLUNTARY ADMINISTRATION**
- * **PATRYS TRIALS SAFE FROM MANUFACTURER CUT-BACKS**
- * **FORTREND PROVIDES \$10m DRAW-DOWN TO AVANTOGEN**
- * **FMR, FIDELITY REDUCES TO 8.7% IN CSL**
- * **ROCKEBY RAISES \$184k OF EXPECTED \$750k**
- * **INNOVATION DYNAMICS WRITES \$500m BUSINESS IN FOUR YEARS**

MARKET REPORT

The Australian stock market edged up 0.1 percent on Wednesday December 3, 2008 with the All Ordinaries up 3.1 points to 3,476.5 points.

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

Starpharma was best, up 4.5 cents or 23.68 percent to 23.5 cents with 200 shares traded, followed by Cytopia up 21.21 percent to 20 cents and Genetic Technologies up 11.11 percent to five cents.

Living Cell climbed 8.33 percent; Phosphagenics was up 7.14 percent; Progen was up 6.1 percent; Clinuvel, Optiscan, Pharmaxis and Ventracor were up more than four percent; Novogen and Sirtex rose more than two percent; with Neuren and Polartech up more than one percent.

Benitec led the falls, down 0.4 cents or 10.53 percent to 3.4 cents, followed by Acrux down five cents or 9.62 percent to 47 cents. Bionomics, Chemgenex and CSL lost more than four percent; Biota shed 2.94 percent with 4,989,412 shares traded, said to be AMP Life exiting its 2.9 percent holding; Cellestis and Mesoblast were down more than two percent; with Arana and Cochlear down more than one percent.

VENTRACOR

Ventracor has filed the first module of its pre-market approval application for the Ventrassist cardiac pump with the US Food and Drug Administration.

Ventracor said the first submission is the design module which describes the design elements and testing of the Ventrassist left ventricular assist device (LVAD) and would be followed by additional technical modules detailing manufacturing, software validation, biocompatibility and the company's quality system.

The last module to be submitted will be the clinical module, with detailed results of the US bridge-to-transplant clinical trial.

Earlier this year, Ventracor chief executive officer Peter Crosby told Biotech Daily that if everything went according to plan Ventracor was hoping for US Food and Drug Administration registration for the bridge-to-transplant indication by mid-2010 (see Biotech Daily; September 2, 2008).

Ventracor's chair John Ward said the company's employees "worked tirelessly" to prepare and submit the first part of the application which was "an outstanding achievement" for an Australian company to be the first to start the pre-market approval process for a third generation implantable heart pump.

Mr Crosby said it was "a very important milestone for the company, as it sets us on the path to full commercialization in the US".

Ventracor has asked shareholders for support by participating in a share purchase plan (see Biotech Daily; October 28, 2008) at 8.1 cents a share.

The plan's closing date is December 9, 2008.

Mr Crosby told Biotech Daily today that as had been said at the annual general meeting the company would not trade while insolvent and "while the cliff is approaching it is not right now".

He said the company had liabilities as well as \$11.8 million in the bank at October 31, 2008 with a cash burn of about \$6.2 million over four months.

Mr Crosby said that if the funds required were not raised in the share plan and placement the amount invested would be returned to the applicants and the company would be put up for sale.

He said that would attract some competitive bidding for Ventracor's shares.

Mr Crosby said the company was earning revenue through the implantation of its cardiac pumps in patients in the US trials.

Ventracor was up 0.3 cents or 4.23 percent to 7.4 cents with 1.4 million shares traded.

PORTLAND ORTHOPAEDICS

Portland Orthopaedics is in voluntary administration.

The company requested a trading halt on November 20, 2008 which was extended to a suspension on November 24.

On November 3, the company's quarterly cash flow Appendix 4C said its cash bleed was \$2.62 million, with \$886,000 cash at the end of the quarter.

The company has seen the resignation of chief executive officers David Sekel and more recently founding director Dr Ron Sekel on August 27, 2008 as well as chief executive officer John Brassil on October 28, 2008.

The administrators are Robert Whitton and Bradley Tonks of Lawler Partners.

Mr Whitton told Biotech Daily that the company had substantial assets including intellectual property and manufacturing plant.

Mr Whitton said a number of parties were interested in Portland Orthopaedics and he "anticipated selling the business".

Portland Orthopaedics last traded at 1.2 cents.

PATRY'S

Patrys says the cutbacks to its US contract manufacturing firm, Wuxi Apptec, will not affect its clinical trials.

Patrys said that from December 31, 2008, the Philadelphia, Pennsylvania- based Wuxi Apptec, would close some of its manufacturing functions as a part of a global rationalization plan.

Patrys said that it had assurances that Wuxi Apptec would perform manufacturing services that should produce sufficient antibody material to support its human clinical trials for lead anti-cancer products PAT-LM1 and PAT-SM6, planned for 2009.

Patrys chief executive officer Dan Devine told Biotech Daily that the company would provide sufficient material "that gets us to the end of 2009".

"We have other alternatives and a year to transfer," Mr Devine said.

Patrys was untraded at 10 cents.

AVANTOGEN

Avantogen has entered into an equity draw down facility of up to \$10 million with investment bank Fortrend Securities.

Avantogen said the agreement allowed it to place shares with the Melbourne-based Fortrend over the next three years.

Avantogen has initiated the facility by placing 469,645 shares to Fortrend and said further details of the equity drawdown were confidential.

Avantogen chief executive officer Dr William Ardrey said the company was pleased with Fortrend's commitment.

"The money will be used to provide additional working capital to support our operations and general working capital purposes," Dr Ardrey said.

"Our clinical products are fully funded by our partners and are progressing well," Dr Ardrey said.

Avantogen was unchanged at three cents.

CSL

The US-based FMR Corp and Fidelity Investments reduced their substantial shareholding in CSL from 58,346,595 shares (9.68%) to 52,273,864 shares (8.67%).

CSL fell \$1.39 or 4.19 percent to \$31.80 with 1.7 million shares traded.

ROCKEY BIOMED

Rockey Biomed says a total of 250,940,169 acceptances were received for shares at 0.0675 cents a share under the rights issue, raising \$169,385 before costs.

Rockey said it was liaising with the underwriters of the rights issue, Super Gateway, regarding the allocation of the shortfall of 489,702,176 shares (\$330,549).

Applications to participate in the general offer totaled 21,372,823, raising \$14,427 before costs.

On October 30, 2008 Rocky said it hoped to raise \$500,000 in the rights issue and up to \$250,000 in the general offer.

Rockey was unchanged at 0.1 cents.

INNOVATION DYNAMICS

Innovation Dynamics says that since its formation in 2004 to the end of November 2008 it has been involved as advisors in transactions totaling \$500 million.

Innovation Dynamics said its investor and technology-based company clients had raised more than \$97 million, including \$8 million since July 2008.

Managing director, Dr Lyndal Thorburn, said it was “a significant achievement in just over four years of operations, especially since in that time financial markets have been volatile and the Federal Government has axed a significant grant program”.

“We ... have been able to help investors position their funds effectively and to have helped companies bring some impressive technologies a little closer to achieving their potential in the marketplace,” Dr Thorburn said.

Innovation Dynamics has completed numerous valuations and due diligence reports for private transactions.

Since December 2005, when it was awarded its Australian Financial Services Licence, the reports included expert reports and valuations for initial public offerings.

Innovation Dynamics said it was a corporate advisory firm with offices in Sydney, Melbourne, Canberra and Perth.

The company provides independent advice to organizations raising capital or investing through equity and venture capital, public stock listings, grants and debt.

Innovation Dynamics said it performed extensive due diligence of technologies and companies for sale or acquisition, and can assist in the process of finding local or international merger or acquisition partners.

Innovation Dynamics is a private company.