



# Biotech Daily

Wednesday July 29, 2009

*Daily news on ASX-listed biotechnology companies*

- \* **ASX, BIOTECH DOWN: PSIVIDA UP 16%, PHYLOGICA DOWN 23%**
- \* **BIOGUIDE BRIEF: DIA-B, PALLANE - RELATIVELY FULLY UNDERWRITTEN**
- \* **COGSTATE'S 1<sup>st</sup> CASH POSITIVE YEAR; REVENUE UP 122% TO \$8.4m**
- \* **CYCLOPHARM, MACQUARIE, ALFRED IMAGING JOINT VENTURE**
- \* **TISSUE THERAPIES 'HAS CASH TO 2010'**
- \* **PRIMA REQUESTS 'US FDA' TRADING HALT**
- \* **POLARTECHNICS REQUESTS 'CAPITAL ADEQUACY' TRADING HALT**
- \* **TYRIAN REQUESTS CAPITAL RAISING TRADING HALT**
- \* **PROGEN BACKGROUNDS THREE NEW DIRECTORS**
- \* **SALIM GROUP TAKES 13% OF SOLAGRAN, BOARD SEAT**
- \* **SECURITIES & INVESTMENT GROUP BACK TO 11% OF STIRLING**
- \* **BIO-MELBOURNE'S BIOMARKERS AUGUST BIO-BREAKFAST**

## MARKET REPORT

The Australian stock market fell 0.64 percent on Wednesday July 29, 2009 with the S&P ASX 200 down 26.7 points to 4,142.8 points. Twelve of the Biotech Daily Top 40 stocks were up, 16 fell, seven traded unchanged and five were untraded.

Psivida was best for the second day in a row, up 34 cents or 16.1 percent to \$2.45 with 9,250 shares traded, followed by Mesoblast up 9.4 percent to \$1.05. Bionomics and Cathrx climbed more than eight percent; Genetic Technologies was up 5.3 percent; Phosphagenics, Sirtex and Viralytics were up more than three percent; Chemgenex and Optiscan rose more than two percent; with Cellestis, Circadian and CSL up by less than one percent.

Phylogica led the falls, down 1.5 cents or 23.1 percent to five cents with 200,000 shares traded, followed by Labtech down 10 percent to 18 cents. Novogen lost 9.7 percent; Universal Biosensors fell 4.4 percent; Compumedics and Peplin were down more than three percent; Alchemia, Biota, Nanosonics, Polartechnics and Sirtex shed more than two percent; with Cytopia, Heartware and Pharmaxis down more than one percent.

## MARC SINATRA'S BIOGUIDE BRIEF: DIA-B, PALLANE

The last time I expressed an opinion on Pallane Medical's merger with Dia-B Tech, we issued a correction when, after publication, I finally found the words in the prospectus that unambiguously said the offer was fully underwritten and the underwriter, Winteray Capital, would subscribe for any shortfall in subscriptions (BD: Jun 22, 2009).

Within days of issuing the correction, Dia-B Tech extended the offer period.

And they did so again, yesterday stating: "There is currently a shortfall under the offer. The company is in discussions with the underwriter to determine how best to move forward with the capital raising and the proposed acquisition."

Given the offer has already been extended once, I would have thought the way forward was simple, the underwriter subscribes for the shortfall.

Investors view fully underwritten offers favorably because of the positive signal provided by the involvement of an informed party who assumed the risk of guaranteeing a successful capital raising.

While Winteray Capital may still take up the shortfall, the most recent extension of the offer period does seem to raise some doubt.

A colleague once quipped that the first rule of investment banking was: 'Never underwrite anything that needs to be underwritten'.

The question that investors need to consider is how much weight they should place on the underwriting nature of an offer when deciding whether to invest or not.

Dia-B last traded at 28 cents.

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## COGSTATE

Cogstate has reported revenue for the three months to June 30, 2008 of \$1,880,964, primarily from sales of its cognitive testing systems.

In its Appendix 4c quarterly report Cogstate said its net operating cash flow for the three months to June 30, 2009 was \$574,946 and the company had \$3,030,395 in cash.

Cogstate chief executive officer Brad O'Connor told Biotech Daily that the year to June 30 2009 was the company first cash flow positive year.

The company reported three consecutive quarters of positive operating cash flow with recognized sales revenue for the year to June 30, 2009 of \$8,387,185 a 122% increase on the previous year.

In its media release to the ASX Cogstate said it had secured agreements with Pfizer, Astrazeneca, Glaxosmithkline, Merck, Johnson & Johnson, Novartis, Lundbeck, Daiippon Sumitomo, Otsuka and Servier, along with other organizations.

Cogstate was untraded at 28 cents.

## CYCLOPHARM

Cyclopharm says it has a joint venture agreement with Alfred Health Solutions to provide medical imaging services to Macquarie University Hospital.

Cyclopharm said the agreement was “a rare opportunity to provide a fully aligned and integrated diagnostic, therapeutic and research platform at Macquarie University Hospital”. The company said the alliance was “a key milestone in Cyclopharm’s mission to continue to develop solutions that improve patient care outcomes”.

The joint venture will provide patients at the new hospital and neighboring suburbs access to state-of-the-art imaging facilities including positron emission tomography scanning.

Cyclopharm managing director James McBrayer told Biotech Daily that the hospital would have 200 beds and 12 operating theatres focused on neurology and oncology.

He said that apart from supplying isotopes his company was an equity partner in the venture working with clinicians involved directly in research and development.

Mr McBrayer said Alfred Health and Medical Imaging involved clinicians working in private practice originally from Sydney’s Royal Prince Alfred Hospital.

Cyclopharm said positron emission tomography (PET) was “clinically proven to better identify the location and extent of certain active cancer cells in the body” and was the fastest growing nuclear medicine diagnostic imaging modality in the world.

The company said Macquarie University Hospital was a \$180 million development to establish a major medical precinct within the Macquarie University Research Park to complement the Australian School of Advanced Medicine, the first medical school in Australia to be linked to a private teaching hospital on a university campus.

Cyclopharm said Alfred Health Solutions and its partner Alfred Medical Imaging were dedicated radiology and nuclear medicine specialists with experience in neurological, musculoskeletal, interventional, gastroenterological, respiratory and endocrine disorders, specializing in imaging techniques such as vascular computed tomography of the brain, heart and lower limbs.

Cyclopharm said its facilities at Macquarie University Hospital were “the first commercial radiopharmaceutical production centre to be located within a hospital in Australia”.

The company said the site would have a cyclotron and a commercial isotope production facility to manufacture and develop injectable radiopharmaceuticals, with production facilities expected to be completed this year with the imaging centre operational in 2010.

Cyclopharm was up two cents or 25 percent to 10 cents.

## TISSUE THERAPIES

Tissue Therapies says its net operating cash burn for the three months to June 30, 2009 was \$513,800 with cash at the end of the quarter of \$791,400.

Tissue Therapies chief executive officer Dr Steven Mercer told Biotech Daily that research and development costs had been reduced with its Western Australia wound care trial underway and that he was currently involved in fund raising.

The company told the ASX that it expected to “have sufficient cash reserves for at least ... until January 2010”.

Tissue Therapies was unchanged at 17 cents.

## PRIMA BIOMED

Prima has requested a trading halt pending an announcement “regarding the US FDA”.

Trading will resume on July 31, 2009 or on an earlier announcement.

Prima last traded at 7.5 cents.

### POLARTECHNICS

Polartech has requested a trading halt pending an announcement regarding "the adequacy of the company's funding to meet its current commitments".

Trading will resume on July 31, 2009 or on an earlier announcement.

Polartech last traded down 0.2 cents or 2.74 percent to 7.1 cents.

### TYRIAN DIAGNOSTICS

Tyrian has requested a trading halt pending an announcement regarding "a proposed significant capital raising".

Trading will resume on July 31, 2009 or on an earlier announcement.

Tyrian last traded at three cents.

### PROGEN

Progen has provided "brief background" material on three directors elected at the July 17 2009 extraordinary general meeting (BD: Jul 17, 2009).

The three were elected with support from Taiwanese investors believed to be aligned to the Medigen group that has wanted to take control of the Progen's PI-88 drug following the closure of its phase III trial (BD: Jul 23, 2008).

Progen said Heng Hsin Tang has a degree in civil engineering with honors, an MBA from the University of Queensland and more than 10 years experience in project and financial managements in engineering and property development.

The company said Joe Yeh-Chiao was an information technology professional with success in business process management, strategy planning, and project management.

Progen said Mr Chiao had 10 years experience in research and development, commercialization and general management in the information technology industry and was currently a researcher and a PhD candidate in computer science at the University of Queensland.

The company said Thomas Burt had more than 40 years experience in telecommunications, postal operations, logistics, property management and redevelopment and management consulting.

Progen fell half a cent or 0.7 percent to 73.5 cents.

### SOLAGRAN

Solagran has appointed Andi Solaiman as a director following a \$5.54 million investment by his employer, the Salim Group.

Solagran said the Salim Group was an Asian business group with interests in the nutrition, food processing, animal husbandry, agriculture and distribution sectors.

The company said Mr Solaiman holds a Bachelor of Business and a Masters of Business administration and held senior positions within the Salim Group.

Solagran said the \$5.54 million investment was through Salim nominee company Ace Aim Pte Ltd.

The company has issued 36,916,918 shares to Ace Aim at 15 cents per fully paid share, about 13 percent of the company's fully paid ordinary shares on issue.

Solagran was up half a cent or 2.5 percent to 20.5 cents.

## STIRLING PRODUCTS

The Securities and Investment Group has increased its substantial shareholder in Stirling from 28,535,088 shares (5.31%) to 66,035,088 shares (11.4%).

The Securities and Investment Group converted a \$300,000 note to 37,500,000 shares, valuing each share at 0.8 cents a share.

Earlier this month the Securities and Investment Group reduced its substantial shareholder in Stirling from 87,500,000 shares (18.68%) to 28,535,088 shares (5.31%) having acquired the shares through a \$350,000 convertible note, valuing the shares at 0.4 cents each (BD: Jul 8, 2009) .

The Melbourne based Securities & Investments is a division of mortgage and financial consultants State Securities

Stirling was unchanged at 1.6 cents with 26.0 million shares traded.

## BIO-MELBOURNE NETWORK

The Bio-Melbourne Network's August 4, 2009 Bio-Breakfast, will examine the commercial development of biomarkers.

The BioMelbourne Network says that medical research "is evolving away from population-oriented therapeutic approaches toward the identification of biological variations that determine individual disease susceptibility, prognosis, and treatment outcomes".

The Bio-Melbourne Network said the shift in focus towards the individual was evident in environmental health with recent efforts to develop biomarkers for personalized exposure assessments and to understand why some people were particularly vulnerable to environmental toxicants.

Biomarkers also have valuable applications in agriculture and industry, the Network said. Cancer Trials Australia Dr John Barlow will discuss the rise to prominence of biomarkers in medical research.

Latrobe University Prof Nick Hoogenraad will analyze global trends of biomarkers in the agricultural and medical fields.

Thomson Reuters Australia Michaela White will review the development of the biomarker market and Bio-Link Australia's Christopher Boyer will present the commercial challenges in selling biomarkers to developers of medical diagnostics.

The August Bio-Melbourne Bio-Breakfast will be held at the Supper Room at Melbourne Town Hall, Swanston Street, Melbourne with registration from 7:15am.

Bio-Melbourne Network members \$55.00; non-members \$88.00. For more information contact Anita Petris on +613 9650 8800 or email [apetris@biomelbourne.org](mailto:apetris@biomelbourne.org).