



Biotech Daily

Wednesday May 6, 2009

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH DOWN; BENITEC UP 15%, SUNSHINE HEART DOWN 23%**
- * **EMPIRE STRIKES BACK: BIOSIGNAL DIRECTORS' CUT TRADING HALT**
- * **GOODNIGHT PORTLAND ORTHOPAEDICS**
- * **ENTRUST, JDV CEASE SUBSTANTIAL IN PROGEN**
- * **CEPHALON HAS THREE WEEKS TO PICK UP 13% OF ARANA**
- * **CEO DR JULIAN CHICK BUYS 595k AVEXA SHARES**
- * **CIRCADIAN'S PROF KARI ALITALO WINS \$360k BELGIAN GONG**
- * **VENTRACOR MEETING POSTPONED**
- * **BIOPHARMICA CONTINUES CANCER GENE NEGOTIATIONS**

MARKET REPORT

The Australian stock market fell 0.6 percent on Wednesday May 6, 2009 with the S&P ASX 200 down 23.3 points to 3,867.1 points.

Ten of the Biotech Daily Top 40 stocks were up, 13 fell, 11 traded unchanged and six were untraded.

Benitec was best, up 0.4 cents or 15.4 percent to three cents with 363,600 shares traded, followed by Living Cell up one cent or five percent to 21 cents.

Phosphagenics climbed 3.2 percent; Acrux, Antisense, Avexa, Bionomics, Novogen and Resmed rose more than two percent; with Alchemia and Mesoblast up more than one percent.

Sunshine Heart led the falls, down 1.5 cents or 23.08 percent to five cents with 301,580 shares traded, followed by Pharmaxis down 9.85 percent to \$2.38.

Biota fell 8.7 percent on strong volumes; Viralytics fell 7.9 percent; Clinuvel and Labtech were down more than six percent; Chemgenex and Nanosonics fell more than five percent; Prana lost 4.55 percent; Circadian and Universal Biosensors were down more than three percent; Psivida shed 2.1 percent; with Arana, Cochlear and CSL down by less than one percent.

BIOSIGNAL

Biosignal has requested a trading halt to consider replacing three directors nominated by the Western Australia-based Empire Investments.

Biosignal said it received resignations from the three directors nominated by Empire Investments which the company understands had been provided at Empire's request.

Biosignal said Empire nominated three replacement directors.

Last week Biosignal said Empire Investments had acquired 12,000,000 shares (9.2%) at one cent a share and had nominated three directors: BNP Paribas investment banker Russell Baines, Ausbiotech director and former Phylogica and Xceed Capital chief executive officer Dr Stewart Washer and Nick Hagan (BD: Apr 28, 2009).

Informed sources told Biotech Daily that all three directors had resigned over "philosophical differences" with Empire Investments.

Biosignal said the trading halt was requested "to allow the board time to consider board membership going forward and to ensure compliance with the Corporations Act 2001".

Trading will resume on April 21, 2009 or on an earlier announcement.

Biosignal last traded down 0.3 cents or 12.5 percent to 2.1 cents.

PORTLAND ORTHOPAEDICS

The business of Portland Orthopaedics has been sold to the US based Maxx Orthopedics and the remaining shell company listed on the ASX is for sale.

Rob Whitton of William Buck Chartered Accountants told Biotech Daily the sale of Portland's business to Maxx Orthopedics was on April 6, 2009, for an undisclosed fee.

According to website searches Maxx Orthopedics is based in Pennsylvania, but has no website. One business directory said it had four staff with annual sales of \$US320,000. It is believed that the assets sold were the intellectual property to and equipment for hip and knee replacement products.

A notice to the ASX by Mr Whitton said a deed of company arrangement was executed on April 15, 2009.

Portland Orthopaedics listed on the ASX on December 21, 2005 and a week later told the ASX in response to a share price and volume query that the company's listing "was accompanied by substantial positive nationwide publicity".

Following its listing the company's share price climbed as high as 46.1 cents on May 19, 2006 and from January 2007 began a long slide to 1.2 cents.

The managing director at the time of listing was David Sekel and the board composed Mr Sekel's father Prof Ron Sekel, GBS Venture Partners' principal Dr Geoff Brooke, who resigned on October 27, 2005, Cochlear's chief executive officer Dr Chris Roberts who resigned on July 31, 2004, along with Equity Partners' Dr Richard Gregson, John Quin, Ronald Rowland and John Lee.

Portland intended to manufacture and distribute orthopaedic implants and in particular materials for hip and knee replacement.

The intellectual property was originated by Prof Sekel.

PROGEN

Entrust Funds Management and JDV Ltd have ceased their substantial shareholding in Progen through the sale of 3,691,127 shares for \$4,060,240.

The shares were part of the undersubscribed Progen buy-back at \$1.10 a share, in which all applicants were able to sell all their shares.

Progen was unchanged at 92 cents.

ARANA

Cephalon has acquired 36.84 percent of Arana through acceptances of its takeover offer, but needs to acquire the remaining 13.26 percent by June 1, 2009.

In an "update on status on Cephalon offer" Arana said some shareholders were confused about how much they would be paid if they accepted the offer (BD: Feb 27; Mar 2, 2009). Cephalon has said it would pay \$1.40 a share if more than 50.1 percent of shares were acquired and \$1.45 if more than 90 percent were acquired, allowing the company to compulsorily acquire the remaining shares.

Following the takeover bid, Arana announced a special five cent dividend would be paid the investors and the offer from Cephalon would be adjusted to \$1.35 per share for more than 50.1 percent of acceptances and \$1.40 per share for more than 90 percent of acceptances.

There are four remaining defeating conditions: a 50.1 percent minimum acceptance condition by June 1, 2009; no material adverse change to the Arana Group; no change of control event triggered under any material contracts to which Arana is a party; and no contravention of certain 'prescribed occurrences,' including those set out in sections 652C(1) and (2) of the Corporations Act.

Arana fell half a cent or 0.36 percent to \$1.375.

AVEXA

Avexa's chief executive officer Dr Julian Chick has directly and indirectly acquired bought 595,329 shares in his company's rights issue at seven cents a share (BD Apr 30, 2009).

Dr Chick said in an Appendix 3Y change of director's interest notice to the ASX that the indirect interests were acquired by Dr Violeta Traicevski and the Traicevski-Chick Superannuation Fund.

Dr Chick directly and indirectly holds 1,591,986 Avexa shares.

Dr John Sime indirectly acquired 32,500 rights issue shares through the Sime Family Superannuation Fund and indirectly holds 97,500 shares

Avexa was up 0.2 cents or 2.15 percent to 9.5 cents with 5.6 million shares traded.

CIRCADIAN

Circadian says the chairman of Vegenics scientific advisory board Prof Kari Alitalo has won an award for his work on vascular endothelial growth factor receptor 3 (VEGFR-3).

Circadian said Prof Alitalo received the Inbev-Baillet Latour Health Prize, an award "for outstanding applied biomedical research".

Vegenics is a wholly-owned subsidiary of Circadian.

The University of Helsinki's Prof Alitalo will share the EUR200,000 (\$A360,405) award with Finland's, Prof Seppo Ylä-Herttuala of the University of Kuopio, for their joint research on cancer and cardiovascular disorders.

Circadian said the prize was "the most important scientific prize in Belgium and is awarded annually for contributions in biomedical research, particularly its practical application".

In granting the award, the Inbev-Baillet Latour Fund cited Prof Alitalo's "cloning and characterization of the first specific growth factor receptor of the lymphatic system, VEGFR-3 and his demonstration that VEGFR-3 plays a key role in the spread (metastasis) of tumor cells via the lymphatic system".

The Fund said the work inspired the development of novel treatments for cancer that act by blocking the spread of the disease through the lymphatic system.

Circadian fell three cents or 3.41 percent to 85 cents.

[VENTRACOR](#)

Ventracor's administrators, Ferrier Hodgson, have postponed a creditors meeting due to be held on April 30, 2009 to June 19, 2009.

Ferrier Hodgson's director of corporate communications Michael Cave told Biotech Daily that the administrators were "continuing efforts to sell the company as a going concern". Ventracor is in administration, in a voluntary suspension and last traded at 8.3 cents.

[BIOPHARMICA](#)

Biopharmica has come out of a trading halt (BD: May 4, 2009) to say it is renegotiating its HLS5 agreement with the University of Western Australia.

Biopharmica said the collaborative research and technology farm-in agreement was being negotiated "to better reflect the current research status and excellent commercial development possibilities".

Last year Biopharmica said that with the Western Australian Institute for Medical Research it had screened 70,000 compounds which increase HLS5 gene levels to block the growth of cancerous cells (BD: Sep 18, 2008).

Biopharmica was unchanged at 3.9 cents.