



# Biotech Daily

Thursday June 24, 2010

*Daily news on ASX-listed biotechnology companies*

- \* **ASX, BIOTECH DOWN: PRIMA UP 9.5%, SUNSHINE HEART DOWN 10.5%**
- \* **EDITORIAL: POLITICAL CHANGES RING UNCERTAINTY FOR BIOTECH**
- \* **BIOTECH WINNERS IN ARC LINKAGE PROJECTS**
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- \* **SOLAGRAN'S ROPREN 'SAVES LIFE'; EARNS \$263k IN 4 MONTHS**

## MARKET REPORT

The Australian stock market fell 0.14 percent on Thursday June 24, 2010 with the S&P ASX 200 down 6.4 points to 4479.7 points.

Eleven of the Biotech Daily Top 40 stocks were up, 18 fell, seven traded unchanged and four were untraded.

Prima was best, up one cent or 9.5 percent to 11.5 cents with 8.1 million shares traded, followed by LBT up 0.4 cents or seven percent to 6.1 cents with 200,000 shares traded.

Cellestis and Cellmid climbed more than four percent; Psivida was up 3.95 percent; Genetic Technologies rose 2.8 percent; with Biota, Phylogica, QRX and Virax up more than one percent.

Sunshine Heart led the falls, down 0.4 cents or 10.5 percent to 3.4 cents with 300,492 shares traded, followed by Bone and Novogen both down 8.3 percent to 11 and 16.5 cents respectively on modest volumes.

Genera and Tissue Therapies lost five percent or more; Clinuvvel, Living Cell, Patrys and Sirtex fell more than four percent; Benitec, Circadian, Nanosonics and Prana were down more than three percent; with Chemgenex and Resmed down more than one percent.

## BIOTECH DAILY EDITORIAL

It is hard to tell what impact the changes in the Federal Labor Government announced today will have on our sector.

Apart from the departure of Prime Minister Kevin Rudd and the rise of Prime Minister Julia Gillard, the Minister for Finance and Member for Melbourne Lindsay Tanner has also announced his resignation as of the coming Federal election.

Mr Tanner has about one quarter of Australia's biotechnology companies in his electorate of Melbourne, as well as a very large number of biotechnology workers.

But that didn't help increase Federal funding for our sector

Biotech Daily was told last year that Commercialisation Australia was Prime Minister Rudd's idea and Mr Tanner said in the Government's first Budget in 2007 that he was proud to axe the Commercial Ready Scheme.

It appears that much of the Federal Ministry remains unchanged with Senator Kim Carr expected to continue as Minister for Innovation Industry Science and Research.

Biotech Daily has also been informed from several separate sources that Senator Carr strongly supports our sector and has fought for increased funding for biotechnology and will continue to do so.

It is highly unlikely that Commercialisation Australia will be axed in the immediate term.

But that doesn't mean that we shall fare any better under a Gillard Labor Government.

The loss of Mr Rudd can be seen as a negative and the loss of Mr Tanner as a positive for the sector, although across other issues many would view the outcomes the other way around.

This writer is saddened by the departure of his Federal representative and occasional friend from university days.

Lindsay Tanner has been a very good local member of Parliament and an excellent No 1 ticket holder for the Essendon Football Club, but it is true to say that Lindsay Tanner inflicted the worst cuts to innovation and biotechnology.

It is possible that the next Member of the House of Representatives for Melbourne, either Labor unshackled by ministerial office, or Green, may be able to go into bat for our side somewhat harder.

Whether our sector will see any change between here and the election is unknown.

**David Langsam  
Editor**

## FEDERAL GOVERNMENT, COCHLEAR, OPTISCAN, CSL, STARPHARMA, NOVOGEN

Innovation Minister Senator Kim Carr has announced \$66.7 million for 218 Australian Research Council Linkage Projects with biotechnology companies among the winners. A media release from Senator Carr said the Linkage Projects enabled institutions to undertake research projects in collaboration with industry and other partners.

“The 218 projects have forged partnerships with 458 national and international government, private and non-profit organizations,” Senator Carr said.

“These partners are contributing a total of \$128.2 million in cash and in-kind support, on top of the Australian Government’s \$66.7 million,” Senator Carr said.

A detailed list of projects is at: [http://www.arc.gov.au/pdf/FoR\\_count\\_and\\_summary.pdf](http://www.arc.gov.au/pdf/FoR_count_and_summary.pdf).

A Cochlear and the University of New South Wales project for chip-scale implantable bionics for therapeutic neural prostheses has been awarded \$560,000 over four years. The project will combine the research strengths and experiences from both the hearing and visual bionics fields to address the main obstacles that prevent the number of electrical stimulation channels equating to the number of frequencies heard by the deaf, and the number of spots of light seen by the blind from increasing. The study will improve understanding of the electrode-tissue interface, the life-long implantability, and electrical circuitry that allow bionic devices to improve their performance.

A project involving Cochlear, the Carpenter Technology Corporation, Manhattan Scientifics and Monash University has been awarded \$510,000 for ultrafine grained titanium for bio-implant applications.

A \$233,000 grant over four years was awarded to Optiscan, Medimmune and the University of New South Wales for in vivo molecular imaging using engineered affinity reagents and fluorescent laser scanning confocal endomicroscopy.

A project between CSL and the University of Melbourne was awarded \$331,521 to study immune mechanisms induced by a novel dry powder lung vaccination strategy.

Starpharma and Monash University were awarded \$410,000 for designing dendrimer-based lymphatic drug vectors as improved treatments for metastatic cancer.

Novogen and the University of New South Wales have been awarded \$270,000 for the synthesis of novel biologically active isoflavones for cancer and heart disease.

“Given the established success of Novogen in the development of drugs through to human clinical trials, novel isoflavones proposed in this study may lead to the discovery of new drug leads or therapeutic agents,” the application said.

A Carl Zeiss Microimaging and University of New South Wales project has been awarded \$425,000 for nanometre imaging of immunological synapses with a novel super-resolution fluorescence microscope.

Pfizer and the University of Melbourne won \$625,000 for a project “using the eye as a window to the central nervous system for improved drug testing”.

Nocturne Sleep and the Royal Melbourne Institute of Technology University were awarded \$163,940 increasing the utility of tetanus toxins by protein engineering and using bacterial toxins engineered to be agents for treatment of certain muscular disorders.

Melbourne’s St Vincent’s Hospital, the Bionic Ear Institute and the University of Melbourne were awarded \$265,000 for research into the optimisation of signal processing and electrical stimulation algorithms for the abatement of epileptic seizures.

Other projects include biosensors for diabetic blood glucose; single cell imaging of trace elements by laser ablation; bone tissue engineering using tubular dual-layered nanofiber meshes; techniques to detect fetal heart abnormalities; a diagnostic microarray to detect aneuploidy in single cells; nano-engineered biopolymers; Dengue fever diagnostics; automatic cartilage segmentation in magnetic resonance imaging; and dynamic magnetic resonance imaging in orthopaedics.

## SIRTEX MEDICAL

Sirtex will compare the effectiveness of its SIR-Spheres microspheres for inoperable primary liver cancer against the current standard of care chemotherapy drug sorafenib. Sirtex said the phase III prospective, randomized, controlled ‘Sirvenib’ trial would recruit 360 patients at 25 to 30 sites across the Asia Pacific region, including Australia.

The company said the primary goal of the study was to assess whether targeted radioactive SIR-Spheres gave patients an increased survival benefit compared to sorafenib when used to treat patients with intermediate and advanced primary liver cancer, also known as hepatocellular carcinoma.

Sorafenib is marketed by Germany’s Bayer Healthcare as Nexavar.

Sirtex said that about 80 percent of patients with hepatocellular carcinoma were not suitable for surgery or transplantation and SIR-Spheres were used to extend the lives of patients with liver cancer after chemotherapy options were exhausted.

Sirtex said that Singapore General Hospital senior consultant Prof Pierce Chow would lead the study, conducted by the Asia Pacific Hepatocellular Carcinoma Trials Group. Prof Chow said that while Nexavar was efficacious for the treatment of patients with hepatocellular carcinoma (HCC) for whom surgery was not an option, “current data suggests SIR-Spheres microspheres may represent an alternative option with equal or better efficacy when there is no distant cancer spread”.

“This multi-centre clinical trial by the [Asia Pacific Hepatocellular Carcinoma] trials group will establish this in a scientific manner,” Prof Chow said.

Sirtex said that data presented by Prof Chow earlier this month at the American Society of Clinical Oncology meeting in Chicago, supported the therapeutic benefit of the combination of SIR-Spheres microspheres and sorafenib in the treatment of intermediate and advanced hepatocellular carcinoma (BD: Jun 8, 2010).

“This next study will compare the safety and therapeutic benefit of the two agents to determine which of these two therapies should be first-line treatment for locally advanced HCC,” Prof Chow said.

Sirtex said the study was a collaboration between Sirtex, the Asia Pacific Hepatocellular Carcinoma Trials Group, the National Cancer Centre Singapore and the National Medical Research Council in Singapore, the Singapore Clinical Research Institute and Singapore General Hospital.

Sirtex chief executive officer Gilman Wong said that investment in the study was “part of our long term plan to significantly expand our business by realizing the full potential of SIR-Spheres microspheres and is another key milestone in the evolution of the company’s global clinical program currently consisting of 12 clinical trials”.

Sirtex fell 23 cents or 4.3 percent to \$5.08.

## BIODIEM

Biodiem says its 11-for-six non-renounceable share rights offer at 18 cents a share raised \$3,506,842.62 of the hoped for \$7,548,000.

Biodiem said when it announced the rights issue in March that for every two new shares, investors would receive one free option exercisable at 23 cents with a term of two years from the expected date of issue (BD: Mar 25, 2010).

Biodiem said there was a shortfall of \$4,041,522.90 and directors had a period of three months from the closing date to place any shortfall.

In March, Biodiem said its two largest shareholders, Brezzo Enterprises and David Li had a combined holding of about 40 percent and would take up their full entitlements.

Biodiem was up one cent or 9.1 percent to 12 cents.

## **CBIO**

CBio has told the ASX that it “has become aware of misleading information originating from a biotechnology publication” regarding its general meeting on June 22, 2010.

“The misleading information originated from the Biotech Daily published on June 22, 2010,” CBio said.

“CBio would like to correct this misinformation which is damaging to CBio and to its shareholders,” the company said.

“Subscribers to the above publication would have received correspondence with the headline ‘Significant Dissent at CBio Meeting’. This headline is incorrect and grossly misleading,” CBio said.

“The publication then went on to say that ‘CBio’s meeting to approve three prior share issues were easily passed but with up to 10.5 percent of votes against the resolutions. CBio said more than 18.86 million proxy votes supported the three resolutions with up to 2,316,330 proxy votes against,’ CBio said.

“The company is puzzled and concerned as to how these results can be reported as ‘significant dissent’,” CBio said.

“In relation to the meeting held on 22 June 2010:

1. On a show of hands, each of the three resolutions was carried unanimously by members present;
2. The proxies received showed overwhelming support in favor of each of the three resolutions put to members; and
3. There was no evidence of ‘significant dissent’ during the course of the meeting; to the contrary, the members who attended demonstrated their continued interest in and support of the company and to the resolutions put to them,” CBio said.

“The full results from the meeting are clearly set out in the results of meeting lodged with ASX by on CBio June 22, 2010,” CBio said.

“At this stage the company is not aware of any other misleading information which may be circulating, however it will continue to advise the market should examples of further incorrect and misleading information be brought to our attention,” CBio said.

CBio fell half a cent or 1.75 percent to 28 cents.

## **BIOTECH DAILY RESPONDS**

Biotech Daily has a policy of reporting on the results of general meetings where there is more than five percent opposition to a resolution.

Many shareholders cannot attend meetings so Biotech Daily relies on the reports of proxy votes. Until proper democratic methods of voting for listed companies are introduced we shall continue to rely on the number of proxy votes cast in favor and against.

That more than 10 percent of votes were against the resolutions is, in Biotech Daily’s view, “significant dissent”.

A collective total of five percent of all shareholders is sufficient to call meetings and propose resolutions, which can disrupt the otherwise smooth operations of public companies, as has been seen with Sirtex, Progen and Avexa in recent times.

CBio did not attempt to call Biotech Daily prior to its announcement and avail itself of our immediate correction and response policy.

We stand by our report.

**David Langsam**  
**Editor**

## CALZADA

Fleming SG Capital has become substantial in Calzada with 29,158,903 shares or 8.41 percent of the company, acquiring the shares for \$874,296.82 or three cents a share. On June 22, 2010, Xceed Capital sold its 8.3 percent holding of 28,804,832 shares in Calzada Limited at for \$865,224 or three cents a share.

Calzada, Fleming SG and Xceed share director George Cameron-Dow but are three separate entities.

Calzada fell 0.1 cents or 3.7 percent to 2.6 cents.

## PROGEN PHARMACEUTICALS

Progen says the Nasdaq Stock Market will delist its securities "due to a minimum bid price deficiency" under Listing Rule 5500(a)(2).

The letter from the Nasdaq said "the bid price of its ordinary shares had closed at less than \$US1.00 per share over the previous 30 consecutive business days".

Progen said its securities would be suspended at the opening of business on July 2, 2010, at which time a form 25-NSE will be filed with the Securities and Exchange Commission which will remove the company's securities from listing and registration on the Nasdaq.

Progen said the delisting was "not unexpected" and the company was seeking advice. Progen fell one cent or 2.6 percent to 38 cents.

## SOLAGRAN

Solagran says it has earned \$262,862 from sales of its over-the-counter Ropren cure-all, which the company says has "saved the life" of "an organic brain disorder" patient.

Solagran said it has sold 1,200 bottles of Ropren between sales beginning on February 18, 2010 and June 10, 2010, earning \$US230,000 (\$A262,862). To the end of March 2010, it had sold 300 bottles of the conifer green needle extract Ropren and that a course of six bottles cost \$US1,150 per course (BD: Apr 21, 2010).

Replying to an ASX Appendix 4C quarterly cash statement query earlier this year, Solagran said it expected revenue of \$US15 million by December 2010 (BD: Feb 5, 2010). The company also said in today's announcement that on May 27, 2009, a 48-year-old female was admitted to hospital diagnosed with an "organic brain disorder [or] disseminated encephalomyelitis of unclear aetiology".

Solagran said that prior to being transferred to the Skvortsova-Stepanova Psychiatric Hospital, the patient had been in a coma at a resuscitation department of another hospital. The company said the patient's computed tomography scans "had revealed a significant increase in the size of her liver, gall stones and a cyst in the sixth segment of the liver".

"Following her transfer to the Skvortsova-Stepanova Psychiatric Hospital on May 27, 2009, medical staff exhausted all resources to revive her," Solagran said.

"On June 2, 2009, the hospital decided to start Ropren treatment and began administering a course of Ropren to the patient which had been delivered in urgent form by Solagran. They noticed a significant improvement in her condition within three weeks of beginning the therapy. In early July 2009 the patient's condition stabilized. On August 14, 2009 she was discharged from hospital," Solagran said.

Solagran was up one cent or 6.7 percent to 16 cents.