



Biotech Daily

Thursday May 29, 2008

Daily news on ASX-listed biotechnology companies

- * **ASX UP, BIOTECHS DOWN: PHARMAXIS UP 14%; NEUREN DOWN 9%**

- * **MINISTER REJECTS AUSBIOTECH CALL FOR LAST GRANTS.**

- * **BIOSIGNAL EGM SUPPORTS DIRECTORS, FEES, PLACEMENTS**

- * **NEUREN AGM SUPPORTS OPTIONS, DIRECTORS**

MARKET REPORT

The Australian stock market recovered 1.1 percent on Thursday May 29, 2008 with the All Ordinaries up 62.7 points to 5,817.2 points.

Eleven of the Biotech Daily Top 40 stocks were up, 15 fell, nine traded unchanged and four were untraded.

Pharmaxis was best for the second day, up 21.5 cents or 13.74 percent to \$1.78 on moderate volumes, followed by Sunshine Heart up 0.7 cents or 11.29 percent to 6.9 cents.

Optiscan climbed 8.7 percent; Cytopia climbed six percent; Agenix and Clinuvel were up more than five percent; Cellestis and Prana were up more than three percent; Heartware was up 2.04 percent; with Biota, CSL and Resmed up more than one percent.

Neuren led the falls, down one cent or 9.09 percent to 10 cents on small volumes, followed by Living Cell down 2.5 cents or 7.25 percent to 32 cents.

Impedimed and Starpharma lost more than five percent; Antisense and Bionomics fell more than four percent; Benitec, Phosphagenics, Polartechnics and Psivida were down more than three percent; with Alchemia, Chemgenex, Circadian, Peplin and Portland down more than two percent.

AUSBIOTECH

The industry association Ausbiotech has called on the Rudd Labor Government to reinstate the Commercial Ready grants program, but the call has been rejected.

The program was shut down on the night of the Federal Budget (see Biotech Daily; May 14 and 21, 2008) without replacement and with a review of the National Innovation Strategy not expected to be completed until the end of the year.

Ausbiotech chief executive officer Dr Anna Lavelle said in a media release today “the Government had shown willingness in recent days to reconsider decisions it made as part of the 2008-‘09 Federal Budget”.

But a spokesman for the Minister of Innovation Industry Science and Research Senator Kim Carr told Biotech Daily that the grants would not be reinstated.

“If the Government can review its decision to impose the luxury car tax and reverse its decision on 86 regional partnerships projects, it should rethink its decision to axe the Commercial Ready grants program,” Dr Lavelle said.

“We are asking the Rudd Government to allow those companies who had submitted an application or who were in the process of compiling their applications for a Commercial Ready grant to go through the assessment process,” Dr Lavelle said.

Dr Lavelle said the provided grants of between \$250,000 and \$5 million to smaller companies who were commercializing new technologies.

“The Government claimed scrapping the program would save around \$700 million over four years,” Dr Lavelle said. “The reality is that each dollar from a Commercial Ready grant was matched by private investment, making this a \$1.4 billion investment in innovation that now appears to be lost,” she said.

Ausbiotech said it was aware of “at least a dozen” companies who had planned to submit a grant application or who had been working with Ausindustry to submit applications. Some of these applicants “had spent tens of thousands of dollars and hundreds of hours preparing their applications in good faith” Ausbiotech said.

“Some say their technology may not ever be commercialized,” Dr Lavelle said.

“Others say they will be forced to move part or all of their operations offshore or seek overseas investment in their projects,” she said.

“Those companies who had submitted an application, or who are able to demonstrate that they were well advanced in the application process, ought to be given immediate consideration, well before the outcomes of the Government’s Innovation Review are released,” Dr Lavelle said.

Ausbiotech said it was working on a supplementary submission to the Review in light of the decision to axe the Commercial Ready program.

Senator Carr’s spokesman said the grants would not be reinstated.

He said inflation hit a 16 year high leading up to the Budget and the “war on inflation had to be our number one priority ... Commercial Ready was a casualty of that war”.

“This was a big program and letting it go was a very, very tough decision,” the spokesman said.

He said all existing commitments would be met at a cost of \$200 million over four years.

“If the Government had kept the program running for 2008-09, it would have incurred significant commitments into future years, limiting its capacity to respond to the review of the National Innovation System,” he said.

He said the Government retained the research and development tax concession, the tax offset, the Comet program and venture capital measures, as well as new initiatives such as Enterprise Connect, Clean Business Australia and the Green Car Innovation Fund.

BIOSIGNAL

Biosignal shareholders have supported increasing directors' fees, issuing directors options and ratified previous placements.

The company said Bruce Foy was elected overwhelmingly.

A resolution increasing the pool of directors' fees to \$200,000 was passed with 25,437,346 proxy votes in favor and 820,184 proxy votes against.

A similar margin applied to the issue of 5,000,000 options to managing director Prof Peter Steinberg; 100,000 options to John Keniry; 50,000 options to Bruce Foy; 50,000 options to Gunter Pauli; and the ratification of the November 2007 placement and the March 2008 placement.

Biosignal fell 0.1 cents or 8.7 percent to 10.5 cents.

NEUREN

Neuren shareholders have supported the reelection of directors and the prior issue of options to brokers Taylor Collison.

The company said Dr Graeme Howie and Trevor Scott were reelected and the meeting supported the issue of 3,000,000 options with a 25 cents exercise price to Taylor Collison on February 26, 2008.

Neuren fell one cent or 9.09 percent to 10 cents.