



Biotech Daily

Friday May 30, 2008

Daily news on ASX-listed biotechnology companies

- * **ASX DOWN, BIOTECHS EVEN:
PORTLAND UP 20%; PEPLIN, TISSUE THERAPIES DOWN 9%**
- * **MARC SINATRA'S BIOGUIDE UPDATE - PROGEN**
- * **KARMELSONIX SELLS FIRST AUSTRALIAN PULMOTRACKS**
- * **PROGEN COMPOUNDS INHIBIT CANCER TARGET IN VITRO**
- * **IM MEDICAL PLEADS SCHULTZ (AGAIN) TO ASX QUERY**
- * **PRIMA FINALIZING FDA IND MEETING DOCUMENTATION**

MARKET REPORT

The Australian stock market retreated 0.7 percent on Friday May 30, 2008 with the All Ordinaries down 43.3 points to 5,773.9 points.

Twelve of the Biotech Daily Top 40 stocks were up, 12 fell, nine traded unchanged and seven were untraded.

Portland was best, up 0.7 cents or 20.0 percent to 4.2 cents on modest volumes, followed by Cytosia up 3.5 cents or 13.21 percent to 30 cents.

Universal Biosensors climbed 7.95 percent; Genetic Technologies, Novogen and Phylogica were up more than five percent; Psivida was up 3.85 percent; Acrux, Circadian and CSL were up more than two percent; with Benitec, Bionomics and Resmed up more than one percent.

Peplin and Tissue Therapies led the falls, both down 9.09 percent to 40 cents and 10 cents respectively on small volumes, followed by Alchemia down three cents or 7.89 percent to 35 cents.

Chemgenex, Living Cell and Prana lost more than three percent; Optiscan and Pharmaxis fell two percent or more; with Agenix and Ventracor down more than one percent.

PROGEN

The past year has not been great for Progen shareholders with the company's share price rolling rapidly down a \$7 hill to yesterday's close of \$1.34.

Progen has received two significant pieces of bad news regarding its lead compound PI-88 during this time.

First, the compound failed a phase II trial for lung cancer (see Biotech Daily; September 24, 2007) and, secondly, a combination study of it with the popular cancer drug Taxotere in prostate cancer patients was stopped early due to safety concerns (see Biotech Daily; February 13, 2008).

Both of these results are likely to limit PI-88's use should it eventually gain market entry for post resection liver cancer through reduced off-label use and reduced use in combination therapies that are popular in cancer treatment.

Market sentiment towards Progen was also damaged when they appeared to dress up the prostate cancer trial results as a positive efficacy result rather than the negative safety result that it really was.

Sentiment has further been damaged by an the Australian Securities and Investments Commission probe into insider trading claims in Progen's shares, although the probe seems to be focused on others.

Having said all of that, however, Progen now has a market capitalization of \$81 million, \$10 million less than their cash in the bank of \$91 million at December 31, 2007.

This seems extraordinary for a company with a drug in phase III clinical trials.

A year ago Progen was \$5.70, there has been bad news as described above, but I still believe it is worth \$2.50 to \$3.00.

There may not be a rush to get into the stock given marketing approval for PI-88 is likely to be three and a half years away, but it is looking very, very cheap.

Progen closed up one cent or 0.75 percent to \$1.35.

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KARMELSONIX

Karmelsonix says it has sold its first units of Pulmotrack in Australia.

Karmelsonix says sale of the units to a private medical group was "a significant milestone in the commercial rollout of the company's products".

Karmelsonix chairman Peter Marks told Biotech Daily the quantity of units and price was the subject of confidentiality agreements and could not be disclosed.

The company said it was an important step in the initial transition from a research and development company to one commercializing its non-invasive asthma monitoring and management tools.

Training for the Pulmotrack units will be provided to the medical group's personnel which will enable testing of asthma patients to commence in July.

Karmelsonix said that following Australian Therapeutic Goods Administration approval in March 2008 there had been "substantial interest within the hospital and primary care sectors in the capabilities of the Pulmotrack, particularly with its unique ability to assess asthma and wheeze without patient effort or co-operation".

The company said it would launch the Nocturnal Asthma Monitor and the Wheeze Holter 24 hour asthma monitor in the coming months soon.

Karmelsonix was unchanged at 12 cents.

PROGEN

Progen's says new data on its cancer epigenetic targets program will be presented at the American Association for Cancer Research Epigenetics meeting in Boston.

Progen said the data, to be presented by Progen's collaborators at the Johns Hopkins University, demonstrated that compounds in Progen's existing preclinical cancer epigenetics program functionally inhibit the activity of "LSD-1", an epigenetic cancer target which, if inhibited, may activate genes that protect against tumor development.

Progen said LSD-1 was unrelated to Dr Albert Hofmann's more famous lysergic acid diethylamide (LSD).

Progen said its LSD-1 inhibitor compounds were the first to demonstrate effective re-expression of aberrantly silenced genes by targeting this recently discovered cancer gene regulator.

Progen's chief scientific officer Dr Laurence Marton said in vitro testing had shown that "by inhibiting LSD-1 with this new class of compounds we can reactivate genes that normally suppress cancer and are deactivated in cancer-triggering processes".

"We are now extending these studies to animal cancer models to determine if we can inhibit the growth of tumors," Dr Marton said.

"This is a new frontier in cancer treatment and we are excited to be entering this novel therapeutic area", Dr Marton said.

Progen said it had preliminary preclinical efficacy data for many of its cancer epigenetics compounds and was planning to move additional related compounds into further efficacy, safety and pharmacokinetic models within the coming months.

Progen said Epigenetics was defined as inherited changes in gene expression that are not associated with changes in the DNA sequence itself, but are associated with changes in the activation and regulation of gene transcription.

Its role in cancer, through the aberrant silencing or repression of gene expression, is now recognized and a number of epigenetic targets in oncology have now been identified.

LSD-1 is the first enzyme identified to specifically demethylate histone proteins (demethylates Lysine 4 of histone H3) and plays an important role in the regulation of specific cancer suppressor genes, Progen said.

LSD-1 inhibitors prevent the action of LSD-1, causing increased levels of histone methylation, resulting in the reactivation of the cancer suppressing genes.

IM MEDICAL

IM Medical has told the ASX that it is not aware of any information it has not announced which, if known, could explain recent trading in its securities.

The ASX said the company's share price rose from 1.6 cents on May 15, 2008 to 2.6 cents on May 29, along with an increase in trading volume.

IM Medical said it had published a company update in April and "these activities and plans remain on track but no disclosure, not already made, is required under listing rule 3.1".

The ASX last queried the company's share price movements on March 13 noting the price rose from 1.3 cents on March 12, 2008 to 19 cents on March 13, along with an increase in trading volume.

IM Medical fell 0.3 cents or 11.54 percent to 2.3 cents with 18.6 million shares traded.

PRIMA BIOMED

Prima says it is finalizing preparations for a pre-investigational new drug application meeting with the US Food and Drug Administration for its CVac ovarian cancer treatment. Prima says it hopes to secure FDA approval for its next clinical trial of CVac and has been working on documentation required by the FDA for the evaluation of the proposed clinical development strategy for CVac.

Prima chairman Ata Gokyildirim said a pre-IND meeting with the FDA was “a key step” in the development of any new therapeutic agent.

Prima climbed 0.1 cents or 8.33 percent to 1.3 cents.