



Biotech Daily

Thursday April 23, 2009

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH UP; BIOTA UP 16%, ALCHEMIA DOWN 11%**
- * **BIOTA EARNS \$32.3m BEST RELENZA ROYALTY**
- * **NASDAQ SUSPENDS PROGEN - LACKS INDEPENDENT DIRECTORS**
- * **POLARTECHNICS SIGNS BULGARIA, ROMANIA DISTRIBUTION DEALS**
- * **US PATENT FOR XENOME PAIN PEPTIDE**
- * **CLINUVEL PLEADS SCHULTZ, MARKETING TO ASX 54% PRICE QUERY**
- * **OBJ PLEADS SCHULTZ TO ASX 160% PRICE QUERY**
- * **IM MEDICAL JUMPS 50% WITH 258m SHARES TRADED**
- * **CEPHALON TAKES 34% OF ARANA; EXTENDS OFFER ONE MONTH**
- * **USCOM WINS FROST & SULLIVAN GONG**

MARKET REPORT

The Australian stock market climbed 2.04 percent on Thursday April 23, 2009 with the S&P ASX 200 up 74.8 points to 3,743.0 points. Fourteen of the Biotech Daily Top 40 stocks were up, 12 fell, seven traded unchanged and seven were untraded.

Biota was best, up 12.5 cents or 16.03 percent to 90.5 cents with 2.2 million shares traded, followed by Avexa up 8.25 percent to 10.5 cents.

Benitec, Clinuvel and Sirtex climbed more than seven percent; Sunshine Heart recovered 6.7 percent; Genetic Technologies and Tissue Therapies were up five percent or more; Circadian, Labtech and Starpharma climbed more than three percent; Living Cell rose 2.9 percent; with Acrux, Pharmaxis and Resmed up more than one percent.

Alchemia led the falls, down 4.5 cents or 10.98 percent to 36.5 cents with 298,197 shares traded, followed by Bionomics down eight percent to 23 cents.

Polartech fell 7.7 percent; Optiscan lost 6.4 percent; Viralytics was down 5.13 percent; Chemgenex and Novogen were down more than three percent; Cellestis, Phosphagenics and Universal Biosensors shed more than two percent; with Cochlear and Mesoblast down more than one percent.

BIOTA

Biota expects to receive its largest quarterly royalty payment of \$32.3 million from Glaxosmithkline for sales of Relenza in the three months to March 31, 2009.

Biota said it had received notification from Glaxosmithkline that Relenza sales were \$462 million for the three months ended March 31, 2008 with indicative royalties of \$32.3 million.

The royalty payment follows the previous quarter indicative royalty of \$1.46 million.

The previous best quarter was \$16.0 million for the three months to March 31, 2007.

Biota said that for the nine months to March 31, 2009, indicative royalties were \$36.1 million.

Biota chief executive officer Peter Cook told Biotech Daily that the royalty included a significant sale to Japan and a major stockpile sale of 10 million Relenza courses to the United Kingdom Government.

He said investors should not expect that high royalty rate every quarter.

"It's a nice result," Mr Cook said.

"We have to recognize that the sales come from stockpiling and the stockpiles are still being rebalanced, but they remain lumpy," he said.

"The royalty includes a 10 million course sale order from the UK and you can't expect that every year," Mr Cook said.

He said Biota was pleased with the processes put in place by Glaxosmithkline and the success the company was having selling Biota's drug.

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PROGEN

Progen has been suspended from the US Nasdaq for failing to have a majority of independent directors on its board.

Progen said it had received a letter dated April 17, 2009 from the Nasdaq, saying that it "no longer meets the independent director, audit and compensation committee requirements for continued listing on the Nasdaq Stock Market and requiring that the receipt of the letter be announced.

Progen said the Nasdaq required a specific plan and timetable to achieve compliance with the rules by May 4, 2009. The company said it would comply by that date.

Progen said the suspension "only applies to the company's shares trading on the Nasdaq capital market and not the company's shares trading on the Australian Securities Exchange". Progen said about 5.03 million shares (8.3%) of the total issued capital of 60.55 million shares traded on the Nasdaq.

Progen said the failure to comply was due to the removal of the four independent directors Mal Eutick, John Lee, Patrick Burns and Robert Williamson at the March 27, 2009 meeting (BD: Mar 27, 2009).

Progen said it intended to expand the board with independent directors and appoint an independent chairman by June 30, 2009.

Progen published the relevant Nasdaq rules requiring companies to maintain a majority of the board of directors comprised of independent directors; that each company have an audit committee composed of at least three independent directors and that compensation of all other executive officers must be determined, or recommended to the board for determination, either by independent directors constituting a majority of the board's independent directors in a vote in which only independent directors participate; or a compensation committee comprised solely of independent directors.

Progen was unchanged at 85 cents.

POLARTECHNICS

Polartechinics has signed a distribution agreement for its Truscreen cervical cancer screening device with Global Logistic Services for Bulgaria and Romania.

Polartechinics said Global Logistic Services was an Eastern European medical supplier and part of the Mediconsult Group.

The company said Bulgaria and Romania had a combined screening population of more than 10 million women with historically high mortality rates and low screening access.

Polartechinics said that in 2004, Romania reported mortality rates for cervical cancer of 16 per 100,000 people, eight times higher than Australia, due mainly to the fact that to date 80 percent of sexually active Romanian women have never had any cervical cancer screening.

Polartechinics said Truscreen's existing Conformité Européenne (CE) mark approval enabled immediate entry into both the Bulgarian and Romanian markets with regulatory approval for Russia due shortly.

Polartechinics said it had recently commenced a multi-centre trial of Truscreen in Poland to provide clinical support for Truscreen in Eastern Europe.

Polartechinics chairman Robert Hunter said the Eastern European region was "another very significant market opportunity for the company which we are actively pursuing".

Mr Hunter said the agreement for Bulgaria and Romania were in addition to agreements for distribution Russia, Ukraine, Kazakhstan and Uzbekistan.

General Logistic Services general manager Dr Boyan Doganov said the Governments of Bulgaria and Romania were engaged with the support of the European Union and the international community, "to develop and implement comprehensive programs for prevention of cervical cancer as a part of the health strategies in both countries"

"We believe that Polartechinics products will support the national women's health screening programs and will increase the reliability and efficiency of the programs, and especially reduce the incidence and mortality rates associated with reproductive diseases," Dr Doganov said.

Polartechinics fell one cent or 7.7 percent to 12 cents.

XENOME

Xenome says the US Patent and Trademark Office has issued it a patent entitled 'Type II chi-conotoxin peptides (noradrenaline transporter inhibitors)'.

Xenome said the patent added to the portfolio surrounding chi-conopeptides and analogues, including Xen2174, the company's lead molecule.

The company said Xen2174 had shown promise as a best-in-class pain therapeutic and is currently in clinical development for the treatment of moderate to severe pain in various acute and chronic pain indications.

Xenome said the patent provided a proprietary position on multiple families of analogs of the chi-conotoxin, Mr1A, to the end of 2025.

These peptides have the ability to inhibit the noradrenaline transporter, also known as the norepinephrine transporter.

Xenome's chief executive officer Dr Ian Nisbet said the patent "strengthens our web of intellectual property surrounding Xen2174".

"The fact that we have multiple issued US patents, as well as patents in other territories, will be highly valued by potential partners," Dr Nisbet said.

Xenome is a public unlisted company.

CLINUVEL

Clinuvel 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 26 cents on April 17, 2009 to 40 cents, a 53.8 percent increase, on April 23, 2009, along with an increase in trading volume.

Clinuvel said that on April 16, 2009 the company posted a paid-for question and answer notice to the ASX in which the chief executive officer Dr Philippe Wolgen "answered questions pertaining to revenue prospects and commercialization and development strategies".

Clinuvel was up 2.5 cents or 7.7 percent to 35 cents with 1.2 million shares traded.

OBJ LTD

OBJ 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 0.5 cents to 1.3 cents, a 160 percent increase, on April 23, 2009, along with an increase in trading volume.

OBJ closed up 0.3 cents or 60 percent to 0.8 cents with 100,066,928 shares traded with a total traded value of \$928,253.

IM MEDICAL

On no news and with no ASX query, IM Medical's share price climbed as much as 50 percent from 0.8 cents to 1.2 cents with 258,226,352 shares traded and a value of \$2,492,920.

IM Medical closed down 0.1 cents or 12.5 cents to 0.7 cents.

ARANA

Cephalon International Holdings has extended the Arana takeover offer period by one month to June 1, 2009.

A week ago Cephalon said it would make the offer for Arana unconditional on the receipt of acceptances for 50.1 percent of the company (BD: Apr 16, 2009).

Cephalon has increased its substantial shareholding in Arana from 71,169,711 shares (31.26%) to 77,735,303 shares (34.15%) on April 22, 2009.

The change was through an increase in takeover acceptances (BD: Feb 27, Mar 2, 2009). Arana fell half a cent or 0.36 percent to \$1.375.

USCOM

Uscom says it has won the Frost & Sullivan award for the medical devices emerging company of the year at the 2009 Asia Pacific healthcare awards.

Uscom climbed nine cents or 15 percent to 69 cents.