



# Biotech Daily

Tuesday February 17, 2009

*Daily news on ASX-listed biotechnology companies*

- \* **ASX, BIOTECH DOWN: LABTECH UP 29%, CELLESTIS DOWN 12%**
- \* **AGENIX HOPES FOR PAYMENT; SUSPENSION REMAINS; CUTBACKS**
- \* **GENETIC TECHNOLOGIES BROKERS GIVEN SUSPENDED GAOL TIME**
- \* **IDT H1 PROFIT UP 9% TO \$3.1m ON REVENUE DOWN 4%**
- \* **NOMINATIONS OPEN FOR \$50k VICTORIA PRIZE, \$18k FELLOWSHIPS**
- \* **PHARMAXIS APPOINTS DR HOWARD FOX CHIEF MEDICAL OFFICER**

## MARKET REPORT

The Australian stock market fell 1.5 percent on Tuesday February 17, 2009 with the S&P ASX 200 down 52.6 points to 3,464.3 points.

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

Labtech was best, up three cents or 28.57 percent to 13.5 cents with 71,000 shares traded, followed by Living Cell up 23.7 percent to 12 cents and Genera Biosystems up 10 percent to 22 cents.

Universal Biosensors climbed 9.8 percent; Optiscan recovered 8.9 percent; Viralytics was up 7.69 percent; Circadian climbed 5.88 percent; CSL and Starpharma rose more than two percent; with Acrux and Cochlear up more than one percent; and Arana, Resmed and Sirtex up by less than one percent.

Cellestis led the falls, down 25 cents or 11.9 percent to \$1.85 with 49,812 shares traded, followed by Phosphagenics down 10 percent to nine cents.

Antisense lost 8.6 percent; Bionomics fell 7.32 percent; Alchemia was down 6.67 percent; Peplin and Phylogica fell five percent or more; Avexa, Benitec and Novogen fell more than four percent; Pharmaxis, Polartech, Prana and Progen were down more than three percent; Psivida shed 2.91 percent; with Biota and Heartware down more than one percent.

## AGENIX

Agenix says it is hoping for a payment to settle its Chinese acquisition, has reduced costs and hopes to have its accounts in order and resume trading by June 30, 2009.

Agenix said an 'all-in' settlement was being pursued to resolve the acquisition of the Chinese bio-pharmaceutical investments but progress was "slower than anticipated".

The company announced a timetable of payments (BD: Dec 10, 2008) that was not met (BD: Jan 16, 2009).

The company said it had "provided substantial time, resources and support to the Chinese parties to facilitate the process".

"Timely settlement and payment of a substantial installment this month has been communicated by the board, which would prefer to avoid the costs and duration of litigation," Agenix said.

The company said that should settlement not be effected in a timely way, it would pursue the remedies available in the People's Republic of China.

Agenix said an independent expert had been engaged "to clarify the critical issue of 'control' in [its] consolidated financial report for the year ended June 30, 2008".

On completion of the accounts, they will be sent to shareholders with a notice of annual general meeting, which the company expects to hold within the next two months.

Agenix said it expected that filing audited financial reports for the year to June 30, 2008 and half-year to December 31, 2008, holding the annual general meeting and a demonstrated adherence to ASX Listing Rules would enable it "to resume trading this financial year".

Agenix said that from March 1, 2009 chief executive officer Dr Stephen Phua will have a cut of 20 percent of his cash salary without conversion to shares; this is over and above an earlier cut in cash pay of 25 percent on August 1, 2008 that was to be converted to shares at two cents a share subject to shareholders' approval.

Effectively, his cash pay has been cut by 45 percent, Agenix said.

Directors' fees will be cut by 20 percent from \$40,000 to \$32,000 a year paid in two tranches.

The company secretary's fee will be cut by 20 percent to a flat \$4,000 a month.

The chairman's balance of the entire remuneration payable under the existing contract with Agenix will be converted to shares.

These are to be granted at the price of two cents a share subject to shareholders' approval.

Effectively, the chairman's cash pay for director's fees has been cut by 75 percent.

Agenix said all travel will be economy class for all employees and directors.

Agenix is in a voluntary suspension and last traded at 1.7 cents.

## IDT LTD

IDT's net profit after tax for the six months to December 31, 2008 was up nine percent to \$3,071,000 on revenue down four percent to \$13,744,000.

IDT said the revenue fall was "primarily due to a slight change in product mix and a variation in contractual terms allowing IDT to directly disburse expenses to clients".

The company said the reduced revenue had been negated by a reduction in expenses for the period from \$10.2 million to \$9.3 million.

IDT said diluted earnings per share was 7.1 cents.

An interim dividend of 5.5 cents per share would be paid with a record date of April 14, 2009.

IDT was up two cents or 1.27 percent to \$1.60.

## GENETIC TECHNOLOGIES

Two former stock brokers have been given suspended custodial sentences after being found guilty of market manipulation through the trading of Genetic Technologies' shares. A media release from the Australian Securities and Investments Commission said the Melbourne County Court yesterday sentenced Rocco Musumeci, 28, of Rockdale, New South Wales, to seven months imprisonment, fully suspended.

On December 18, 2008, Mr Musumeci a former client advisor with Bell Potter in Wollongong New South Wales, pleaded guilty to three counts of market manipulation after trading Genetic Technologies' shares through an account held in the name of XY Inc, an overseas company formerly associated with Genetic Technologies' founder substantial shareholder and former director, Dr Mervyn Jacobson.

The Melbourne County Court sentenced Richard John Wade, 43, of East Melbourne, Victoria to 15 months imprisonment, fully suspended.

On November 10, 2008, Mr Wade a former client advisor with ABN Amro in Melbourne pleaded guilty to seven counts of market manipulation after trading Genetic Technologies shares through accounts held in the names of Tamara Milstein and Palamine, a company associated with her husband, former Genetic Technologies' chief operating officer, Geoffrey Newing.

By promising future co-operation with the Australian Securities and Investments Commission (ASIC) in accordance with section 21E(1) of the Crimes Act 1914, both Mr Musumeci and Mr Wade received a reduction to their sentences.

ASIC said the Court heard that if Mr Musumeci and Mr Wade had not cooperated they would have been sentenced to 12 and 20 months imprisonment, respectively.

ASIC alleged Mr Musumeci and Mr Wade acted on instructions from Dr Jacobson, his daughter Tamara Newing and Mr Newing, to place orders on the ASX for Genetic Technologies shares between May and November 2006.

ASIC said these orders were likely to create or maintain an artificial price for trading in the company's shares.

ASIC said that in 2008, it banned Mr Musumeci and Mr Wade from providing financial services for four and five years respectively.

On December 15 and 16, 2008, Dr Jacobson, Ms Newing and Mr Newing appeared and entered into separate bail arrangements in the Melbourne Magistrates' Court on charges of market manipulation following their involvement in the trading of Genetic Technologies shares (BD: Dec 12, 15 and 17, 2008).

Dr Jacobson and Mr and Ms Newing are scheduled to appear in the Melbourne Magistrates' Court on April 23, 2009 for their respective committal mentions.

Genetic Technologies was untraded at 3.5 cents.

## PHARMAXIS

Pharmaxis has appointed Dr Howard Fox as chief medical officer responsible for regulatory affairs, pharmaco-vigilance and medical affairs.

Clinical operations will continue to report to the medical director, Dr Brett Charlton.

Pharmaxis said Dr Fox had more than 15 years experience in the pharmaceutical industry, the last 10 years in respiratory product development.

Dr Fox was most recently a global brand medical director with Novartis.

Pharmaxis chief executive officer Dr Alan Robertson said the appointment of Dr Fox provided "the international regulatory and pharmaco-vigilance experience necessary for Pharmaxis to bring Bronchitol successfully and rapidly to the market".

Pharmaxis fell five cents or 3.85 percent to \$1.25.

## VICTORIA PRIZE

Victoria's Innovation Minister Gavin Jennings says nominations have opened for the \$50,000 Victoria Prize and six \$18,000 Victoria Fellowships.

A media release from Mr Jennings' office said the prize and fellowships were a tribute to excellence in Victorian science, engineering and innovation.

Mr Jennings said the Victoria Government encouraged research and innovation "so that all Victorians can enjoy the benefits of the resulting discoveries".

"These awards celebrate scientific discovery and innovation in Victoria and play a major role in rewarding excellence and encouraging research, development and commercialization," Mr Jennings said.

The 2008 Victoria Prize was awarded to bio-molecular scientist Prof Peter Colman, who in had a leading role at the Commonwealth Scientific and Industrial Research Organisation CSIRO in the discovery of the drug zanamivir, the first anti-influenza medicine of its type. Zanamivir was developed by Biota as Relenza and is marketed by Glaxosmithkline.

Other recipients include Prof Colin Masters for his research into Alzheimer's disease; and Prof Donald Metcalf for work with cancer patients worldwide.

The \$100,000 Anne and Eric Smorgon Memorial Award is also presented to a research institute supporting the work of the Victoria Prize recipient.

"The Victoria Fellowships are open to young Victorians working in science, engineering or technology in industry or as a postgraduate about to complete their studies," Mr Jennings said.

"The Fellows receive grants of up to \$18,000 for an international study mission to develop a commercial idea, further their research or undertake specialist training not available locally," Mr Jennings said.

Forms are available at <http://www.business.vic.gov.au/vicprize>.

Applications close on April 3, 2009 and winners will be announced in August 2009.