



Biotech Daily

Friday February 20, 2009

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH DOWN: GENERA UP 20%, PHYLOGICA DOWN 25%**
- * **FERMISCAN BUYS WEEKLY SYNCHROTRON TIME**
- * **CYCLOPHARM US SALES DELAYED; PROFIT UPGRADE; DIRECTOR GOES**
- * **ADVANCED OCULAR SETS MERGER TIMETABLE**
- * **CORRECTION: PROGEN H1 RESULT**
- * **HEARTWARE LISTS ON NASDAQ; CAPITAL STRUCTURE**
- * **SOLAGRAN REBUTS 'THE AGE' ON WRONG EMAIL**
- * **PHOSPHAGENICS PROMOTES SENIOR STAFF; COMPLETES MOVE**

MARKET REPORT

The Australian stock market fell 1.35 percent on Friday February 20, 2009 with the S&P ASX 200 down 46.5 points to 3,402.4 points.

Eight of the Biotech Daily Top 40 stocks were up, 13 fell, 11 traded unchanged and eight were untraded.

Genera Biosystems was best, up four cents or 20 percent to 24 cents with 169,000 shares traded, followed by Peplin up 19.6 percent to 55 cents.

Cellestis and Phosphagenics climbed more than 15 percent; Acrux was up 5.7 percent; Heartware was up 3.8 percent; with Biota and Resmed up more than one percent.

Phylogica led the falls, down one cent or 25 percent to three cents with 155,000 shares traded, followed by Tyrian down half a cent or 16.7 percent to 2.5 cents.

Clinuvel lost 9.1 percent; Starpharma fell 8.1 percent; Living Cell lost five percent; Arana fell 4.8 percent; Pharmaxis and Prana were down more than three percent; Chemgenex and Optiscan shed more than two percent; with Circadian and Mesoblast down more than one percent.

FERMISCAN

Fermiscan says it has concluded a two-year agreement with the Australian Synchrotron for scheduled weekly access.

Fermiscan is commercializing a non-invasive diagnostic test for the detection of breast cancer through the x-ray diffusion of hair.

The company said the synchrotron produced a highly intense source of light ranging from infrared to monochromatic x-rays.

Fermiscan said that the "unique properties of synchrotron light mean that results were far superior in accuracy, clarity, specificity and timeliness to those obtained using conventional x-ray equipment".

Fermiscan managing director David Young said the contract was "a significant milestone with Fermiscan now having secured facilities at one of the most advanced synchrotrons in the world". The value of the contract was not disclosed.

"Through our relationship with the Australian Synchrotron, Fermiscan has access to the best of Australian science and technology," Mr Young said.

The director of the Australian Synchrotron Prof Robert Lamb said the contract was "a significant milestone for both Fermiscan and the Australian Synchrotron".

"We are working with world-leading science and technology at the Australian Synchrotron in Melbourne," Prof Lamb said.

"In our first year of operations we've already produced some exciting results for medical, scientific and industrial researchers," Prof Lamb said.

"Fermiscan represents a significant scientific and medical breakthrough and we are happy to be working with them at the Australian Synchrotron," he said.

Fermiscan said it also gained "significant cost and logistics benefits" from using the Australian synchrotron compared to using the synchrotron at Chicago.

Fermiscan was untraded at 23 cents.

CYCLOPHARM

Cyclopharm lodged its application to sell Technegas in the US with the Food and Drug Administration on December 19, 2008.

In a media release entitled 'Profit Upgrade' Cyclopharm said that "based on early dialogue with the FDA, we have decided to temporarily withdraw our application in order to adjust the content".

"We believe that the modifications will ultimately enable a more expeditious review," the company said.

Cyclopharm said the decision to withdraw might have an impact on the timing of approval, but "our path forward is better defined for the feedback we have received".

It is estimated that the FDA review period will take up to 12 months from the re-lodgment date.

Cyclopharm says it expects a profit after tax for the full year ended December 31, 2008 of \$1.7 million.

Cyclopharm said the result "exceeds the guidance given in September 2008 by approximately 20 percent" based on internal management accounts and may be subject to change on completion and review of the group's final accounts.

Cyclopharm expects to release its full year results on February 26, 2009.

Separately, Cyclopharm said Henry Townsing intended to resign as a director of Cyclopharm and all associated companies by the end of February 2009.

Cyclopharm fell 0.4 cents or 4.76 percent to eight cents.

ADVANCED OCULAR SYSTEMS

Advanced Ocular is finalizing its bidder's statement for the proposed merger with International Formwork & Scaffolding and its financial statements.

The company said it would hold its general meeting to approve the merger on April 7, 2009 with the completion of the merger on May 25, 2009.

Among the resolutions the meeting will consider are a change of the company's name to IFS Construction Service with a proposed ASX code of IFS. The company will no longer be involved in life sciences apart from an investment in the US based Lenstec.

The expected date for lifting the suspension of trading was May 29, 2009.

Advanced Ocular was up 0.1 cents or 16.67 percent to 0.7 cents.

CORRECTION: PROGEN

Yesterday's Biotech Daily reported that Progen's half-year result year included a foreign exchange gain of \$7.1 million and the accrual of \$4 million in milestone payments relating to the termination of the agreement with Medigen executed on January 16, 2008.

The \$4 million accrual was in the half year to December 31, 2007.

The mistake was made by a sub-editor who has been severely reprimanded.

Progen was unchanged at 82 cents.

HEARTWARE

Heartware says the Nasdaq Global Market has approved its application to list its common shares and trading begins on February 24, 2009 (US Eastern Standard Time).

Heartware said it would maintain dual listings, with common shares trading on the Nasdaq under the symbol HTWR and Chess Depository Interests trading on the ASX with the symbol HIN.

Security holders are able to convert between Nasdaq listed common shares and ASX listed CDIs on the basis that each common share can be converted into 35 CDIs, and vice versa.

Security holders wishing to convert their holdings from one form of security to the other can do so by contacting the company's share register, Computershare.

Heartware said that to establish a trading market in the US JP Morgan, Cannaccord Adams and Lazard Capital Management would be the company's initial market makers.

The company said analyst coverage had commenced, with Lazard Capital Management, Summer Street Research Partners and Pacific Growth Equities having initiated research in recent months.

Heartware said it had 8,866,702 shares of common stock on issue and the vast proportion of these are represented by 308,799,610 CDIs in a ratio of one share of common stock to 35 CDIs.

Following the Nasdaq listing, Heartware said it expected that a number of investors, particularly those based in the US, would migrate their holdings from Australia to the US by exchanging their CDIs for common stock.

About 80 percent of Heartware's shares are held by investors in the US.

The company's four largest shareholders, Apple Tree Partners, Muneer Satter, Fidelity Investments and Deeplaven Capital Management, together account for approximately 60 percent of Heartware's issued capital.

The remaining 20 percent of US-owned stock is held by a relatively small number of primarily specialist healthcare funds.

Heartware climbed four cents or 3.77 percent to \$1.10.

SOLAGRAN

Solagran says the content of an article in The Age by Mark Hawthorne about directors' shareholdings is inaccurate.

In today's Age, Mr Hawthorne said there was "some mystery surrounding share dealings at Solagran after director and company secretary Peter Stedwell managed to fire off an email to the wrong person".

The Age article said that "under the subject 'Director resigns', Stedwell wrote: 'Are you there? I need to discuss a delicate off-market transfer with you. Please give me a call.' When an out-of-office replay came back, Stedwell realised his error".

In a media release to the ASX entitled 'Corrections to Press Article' Solagran has denied statements in The Age article.

"Contrary to the assertions made by Hawthorne in the article: the email sent by the company secretary was not intended for the company's lawyer; and the email and its subject matter did not relate to shares held by [former director] Denis Kilroy and identified in his Appendix 3Z - final director's interest notice - released on February 13, 2009," Solagran said.

"Solagran confirms that the company and Denis Kilroy have complied with the requirements of the ASX Listing Rules in regard to his resignation (which, as stated, was primarily for health reasons) and the release of the appropriate Appendix 3Z statement within the required time. The Company believes that it is in compliance with ASX Listing Rule 3.1.

"Lawyers for the company are writing to The Age and Hawthorne to clarify the content of the article." Solagran said.

Solagran was unchanged at 11.5 cents.

PHOSPHAGENICS

Phosphagenics has appointed executive director Dr Esra Ogru as chief operating officer and has promoted formulation team leader Dr Paul Gavin to vice-president of research and development.

Phosphagenics said Dr Gavin would be responsible for the global coordination and management of the company's pre-clinical and clinical research, working with the company's scientific advisors.

Prior to his joining Phosphagenics in 2002, Dr Gavin conducted research at Monash University's Department of Biochemistry and Molecular Biology.

Dr Gavin holds a Bachelor of Science (Hons) and a PhD in Biochemistry and Molecular Biology from Monash University.

The company said it had completed the re-location of its scientific and corporate administration staff to premises adjacent to Monash University at 11 Duerdin Street, Clayton, Victoria. Telephone: +613 9565 1119.

Phosphagenics was up 1.4 cents or 15.38 percent to 10.5 cents.