



# Biotech Daily

Tuesday January 27, 2009

*Daily news on ASX-listed biotechnology companies*

- \* **ASX UP, BIOTECH DOWN: VENTRACOR UP 17%, CYTOPIA DOWN 15%**
- \* **BIOPHARMICA SHEDS CEO DR PETER KING, DIRECTORS' FEES**
- \* **BIOPHARMICA DIAGNOSTIC NEEDS COMMERCIALIZATION PARTNER**
- \* **EDITORIAL: FEDERAL LABOR 'SHOCKINGLY SHORT-SIGHTED'**
- \* **VENTRACOR SCOTCHES 'THE AGE' ABIOMED OFFER CLAIM**
- \* **ASIA UNION INCREASES TO 15% OF TISSUE THERAPIES**
- \* **STEM CELL HAS ONE QUARTER CASH**
- \* **SELECT VACCINES HAS ONE QUARTER CASH**
- \* **ROCKEY SOARS 1550% ON PROMOTIONAL INTERVIEW**

## MARKET REPORT

The Australian stock market rebounded 3.0 percent on Tuesday January 27, 2009 with the S&P ASX 200 up 101.3 points to 3,444.0 points. Six of the Biotech Daily Top 40 stocks were up, 14 fell, 12 traded unchanged and eight were untraded.

Ventracor was best, up 1.2 cents or 17.39 percent to 8.1 cents with 1.3 million shares changing hands, having traded as high as 9.3 cents, a 34.8 percent jump, followed by Bionomics up 2.5 cents or 12.5 percent to 22.5 cents.

Benitec and Circadian climbed more than seven percent; Cochlear was up 4.18 percent; Antisense was up 3.03 percent; CSL rose 2.17 percent; with Biota and Resmed up more than one percent.

Cytopia led the falls, down two cents or 15.38 percent to 11 cents with 10,000 shares traded, followed by Phosphagenics down 12.5 percent to 10.5 cents.

Optiscan lost 9.52 percent; Alchemia and Genetic Technologies fell more than eight percent; Acrux was down 6.14 percent; Cellestis shed 5.63 percent; Universal Biosensors fell 4.76 percent; Polartech lost 3.57 percent; Heartware, Pharmaxis, Progen and Viralytics shed more than two percent; with Avexa down 1.43 percent.

## BIOPHARMICA

Biopharmica says that due to “severe economic pressures” chief executive officer Dr Peter King has been made redundant and the payment of directors’ fees has been suspended. Biopharmica says the withdrawal by the Federal Government of the Commercial Ready Grant was one of the significant factors precipitating the implementation of “a series of measures to reduce current expenditure levels to ensure the company can develop its projects to commercial status”.

In a media release to the ASX after the market closed on January 23, 2009, Biopharmica said the board had voluntarily suspended cash payments for directors’ fees and agreed that all directors’ fees be paid as shares in Biopharmica.

The company said a notice of meeting was being drafted and would be distributed to all shareholders for consideration as soon as it has been finalized.

Biopharmica said that it was “with regret” that Dr King had been made redundant and his role was terminated on January 23, 2009, but it was in discussions with Dr King regarding an ongoing consulting arrangement.

“These processes will allow Biopharmica to focus on the commercialization of existing technologies to maximize capitalization opportunities upon the emergence from this economic downturn,” the company said.

Biopharmica was unchanged at two cents.

## BIOPHARMICA

Biopharmica says Diagnostic Array Systems has developed Bactrak, a diagnostic genetic microarray for the identification of microbial pathogens causing a range of lung diseases. Biopharmica is the majority owner of the Melbourne-based Diagnostic Array Systems, a joint venture with RMIT University.

The company said the Bactrak project was given clinical funding in 2007 with the award of an Ausindustry Commercial Ready Grant. The term of the grant had been completed and the project met its objectives.

Biopharmica said Bactrak had key features underpinning its commercial potential including: rapid simultaneous detection of 16 respiratory pathogens including tuberculosis (TB), Legionella and methycillin resistant staphylococcus aureus (MRSA).

The company said the diagnostic tool produced results within hours rather than days using the current culture gold standard and achieved sensitivity and positive confirmation for the 16 pathogens from easily obtained clinical sputum samples.

Biopharmica said that benefits from the project included: earlier, appropriate treatment; shorter hospital stay; earlier potential isolation of hospital patients; and a reduction in the over-prescription of broad-spectrum antibiotics.

The company said the ability of Bactrak to detect respiratory pathogens, including TB, Legionella and MRSA from a single sputum sample was “of immense importance and potential value”.

“Given the global significance and threat of TB in particular it is hoped large volume manufacturing ... should deliver a low cost diagnostic kit suitable for deployment in both developing and third world countries,” the company said.

Biopharmica is actively marketing Bactrak to identify a strategic partner to deliver a commercial version of this unique diagnostic tool.

Diagnostic Array Systems holds intellectual property for the Bactrak technology in Australia, with international patent filing by Biopharmica for Diagnostic Array Systems progressing through national phase in Canada, China, Europe, Japan and the US.

## BIOTECH DAILY EDITORIAL COMMENT

While Biotech Daily does not believe that any grants system is necessarily the best way to fund an industry, the impact on companies like Biopharmica of withdrawing the Commercial Ready Grant system in the first Federal Labor Budget without a replacement shows the move was shockingly short-sighted (BD: May 14, 2008).

It appears that the Federal Labor Government has contributed to rising unemployment in one of the two sectors that should be creating wealth for the next two centuries; the biotechnology and pro-environment industries.

As described in the Summer Holiday Editorial (BD: Dec 18, 2008) the biotechnology sector is probably as large as, if not bigger than, the automotive industry in terms of employment and contribution to GDP.

Biotechnology and environmental industries are widely acknowledged as the growth industries of the future and the propping-up of once hugely profitable companies who have squandered their riches is a disgrace.

Could the industry's representatives please get up on their hind legs and inform the Federal Innovation Minister Senator Kim Carr of this development? Biotech Daily's editor has already repeatedly explained this to Finance Minister Lindsay Tanner.

Prime Minister Kevin Rudd, Senator Carr, Mr Tanner and Federal Treasurer Wayne Swan need to go no further than their Labor colleagues Victoria's Premier John Brumby and former Queensland Premier Peter Beattie to reevaluate their policies.

**David Langsam, editor**  
**Marc Sinatra, analyst**

## VENTRACOR

Ventracor has told the market that contrary to claims in The Age newspaper it "is not expecting an offer from Abiomed".

An article by Ari Sharp in The Age on January 24, 2009 said that US heart device company, Abiomed was "contemplating making an offer" for Ventracor.

In December Ventracor's chief executive officer Peter Crosby told Biotech Daily from Europe that the company could be sold outright, there could be strategic investments and he did not rule out the possibility of a white knight investor (BD: Dec 11, 2008).

Mr Crosby said at that time he was in discussions with a number of companies and interest in Ventracor could come from competitors, other companies in the cardio-vascular space as well as private equity firms.

Today, the company told the ASX that it was "continuing to seek expressions of interest from parties interested in obtaining a strategic stake or acquiring the company".

"The company reports that it is in discussions with several parties but has nothing to report at this time," Ventracor said.

"The company is not expecting an offer from Abiomed," Ventracor said.

"The company urges shareholders to rely only on information provided in company announcements."

Sources have told Biotech Daily that they believed that Abiomed representatives previously had held discussions with Ventracor.

Ventracor closed up 1.2 cents or 17.39 percent to 8.1 cents with 1.3 million shares changing hands, having traded as high as 9.3 cents, a 34.8 percent jump.

### TISSUE THERAPIES

Asia Union Investments has increased its substantial shareholding in Tissue Therapies from 2,552,558 shares (5.69%) to 8,394,137 shares (14.81%).

Asia Union converted a note worth \$535,205 for 5,841,579 shares.

Tissue Therapies was unchanged at 18 cents.

### STEM CELL SCIENCES

Stem Cell has little more than one quarter's cash burn in the bank.

In its Appendix 4C announcement to the ASX, Stem Cell said it had a net cash burn of \$994,000 for the three months to December 31, 2008 and cash at the end of the quarter of \$1,168,000.

Stem Cell has previously announced that it has taken steps to reduce its cash burn and licence its intellectual property, including an undisclosed "significant" deal with Pfizer (BD: Nov 20, 2008).

Stem Cell is in a voluntary suspension and last traded at 15 cents.

### SELECT VACCINES

Select Vaccines has \$76,000 cash in the bank more than its last quarter cash burn.

Select Vaccines said in its Appendix 4C quarterly report that it had a total operating and investing cash burn of \$386,000 for the three months to December 31, 2008 and cash at the end of the quarter of \$462,000.

Select Vaccines was untraded at 0.5 cents.

### ROCKEY BIOMED

Rockeby soared as much as 1,550 percent following the announcement to the ASX of a promotional interview on Boardroom Radio.

Rockeby closed up 4.9 cents or 1,225 percent to 5.3 cents with 1.6 million shares traded worth \$68,784.

Shares had traded as high as 6.6 cents a 1,550 percent increase.