Biotech Daily

Friday July 17, 2009

Daily news on ASX-listed biotechnology companies

*** ASX FLAT, BIOTECH DOWN: CELLESTIS UP 14%, LABTECH DOWN 15%**

*** TAIWAN WINS 3 PROGEN BOARD SEATS, BUT NOT PI-88 OR CONTROL**

*** CHINA PAYS AGENIX $91k AGAIN, BUT STILL NOT THE $2.8m**

*** NARHEX PREPARES TO RESUME OPERATIONS**

*** OCCUPATIONAL & MEDICAL $63m DEAL; $6m RAISING; QUALITY CERT.**

*** IMMURON DIRECTOR, FORMER CEO DR ZEIL ROSENBERG RESIGNS**

*** PRIMA REQUESTS 'US INVESTMENT' TRADING HALT**

*** STIRLING QUITS 'MAJOR PHARMACEUTICAL ACQUISITION'**

MARKET REPORT

The Australian stock market climbed 0.13 percent on Friday July 17, 2009 with the S&P ASX 200 up 5.2 points to 4,000.8 points.

Twelve of the Biotech Daily Top 40 stocks were up, 15 fell, four traded unchanged and nine were untraded.

Cellestis was best, up 44 cents or 14.15 percent to $3.55 with 96,028 shares traded followed by Phylogica up 8.3 percent to 6.5 cents.

Progen climbed 6.7 percent; Cathrx was up 4.55 percent; Mesoblast was up 3.1 percent; Bionomics, Genera, Living Cell and Tissue Therapies rose more than two percent; Polartechnics was up 1.2 percent; with Acrux and Chemgenex up by 0.9 percent.

Labtech led the falls, down three cents or 15 percent to 17 cents with 10,000 shares traded followed by Alchemia down 6.9 percent to 33.5 cents.

Circadian, Heartware and Novogen lost more than five percent; Nanosonics was down 3.2 percent; Antisense, Psivida, Sirtex and Viralytics shed more than two percent; Biota, Clinuvel, Cochlear, Peplin and Starpharma fell more than one percent; with CSL, Pharmaxis and Resmed down by less than one percent.

PROGEN

Progen's requisitioned meeting has elected the three Taiwanese-proposed directors, but it appears the company may have thwarted their strategic intentions.
The meeting was requisitioned by Taiwanese interests believed to be related to contract research organization Medigen, which hoped to develop liver cancer drug PI-88 also known as muparfostat.
Thomas James Burt, Heng Hsin Tang and Joe Yeh-Chiao Lin were each elected as directors with about 8.7 million proxy votes in favor (74.5%) and 3.0 million proxy votes against (25.5%).
The June 10, 2009 also called for the removal of chairman Stephen Chang, managing director Justus Homburg and director Dr Wolf Hanisch but they resigned ahead of the meeting, with Mr Homburg continuing as chief executive officer.
Progen appointed four directors including chairman Stuart James and non-executive directors Dr Julie Cherrington, Dr John Chiplin and Dr Gordon Schooley (BD: Jul 1, 2009).
The four will be able to override any resolutions by the Medigen-related three directors.
More importantly on June 30, 2009 after the market closed, Progen said its wholly-owned subsidiary Pharmasynth had licenced PI-88 or muparfostat to the US-based Global Transbiotech.
Progen said the agreement resulted from negotiations based on the terms sheet agreed by the parties and announced in May (BD: May 18, 2009).
This means that Medigen is unlikely at this stage to be able to take control of PI-88 or even control of Progen as it had hoped.
Progen discontinued its phase III trial of PI-88 last year (BD: Jul 23, 2008) triggering a wave of coups, proposed and failed mergers and a share buy-back returning the phase III trial funds to institutional investors.
Progen was up five cents or 6.7 percent to 80 cents.

AGENIX

Agenix has received its June payment of RMB 500,000 ($A91,485), but the Shanghai Rui Guang Bio-Pharma Development Co was unable to raise an expected $2.8 million.
Agenix said in April that Shanghai Rui Guang would pay RMB44,000,000 ($A9 million) by November 30, 2009 (BD: Apr 17; Jun 4, 2009).
Agenix said that if the Chinese company obtained finance, payment of RMB15,200,000 ($A2.8 million) would be due on May 29, 2009; otherwise it would be due by November 30, 2009 along with the balance of RMB22,800,000.
The RMB15,200,000 payment was not made and in a media release to the ASX Agenix said the payment was conditional on the Shanghai Rui Guang obtaining finance from a People's Republic of China financial institution.
Agenix said negotiations were continuing and the installment was scheduled to be made on or by November 30, 2009 along with a balance of RMB22,800,000.
Agenix said that since December 2008 it had received RMB4,000,000.
"In the event the 'subject to finance' installment is not received by Agenix, additional funding will be critical to maintain adequate levels of working capital," the company said.
Agenix said it was "actively seeking alternative funding".
Agenix is in a voluntary suspension and was untraded at 1.7 cents.

NARHEX LIFE SCIENCES
Narhex has submitted audited accounts up to the year to June 30, 2008 as the cash-strapped diagnostics and HIV drug company refocuses its operations.
Executive chairman Dr Michael Cohen said in the documents posted to the ASX that the past year had been "one of re-organization and refocusing on China to develop fully the opportunities that the company believes await us in China".
"The company is now on the verge of significant proof of concept clinical studies of its lead HIV drug candidate in infected patients and has a highly regarded and competitive range of HIV diagnostics that it plans to register and sell in China generating growing sales revenue for the joint venture," Dr Cohen said.
Narhex has assets including its DG17 compound for HIV, an investment in the Cavidi diagnostics platform bought from Sweden as well as leasehold property in China.
Dr Cohen told Biotech Daily the intention was to develop the products in China and develop a revenue stream in China.
The company was suspended from ASX trading on March 3, 2008 for failing to lodge its half-yearly accounts for the six months to December 31, 2007, which were also lodged with the ASX yesterday.
The company has a $350,000 line of credit through a convertible note provided by Dr Cohen.
Dr Cohen told investors in yesterday's 2008 annual report for the year to June 30, 2008 that Narhex "has struggled with a number of regulatory and compliance issues".
"Notwithstanding these issues the company has continued to develop its focus on China and I am pleased to report that the year has seen significant progress in developing its Chinese joint venture Xi'an Hex Life Sciences Co," Dr Cohen said.
"This has meant the company is now close to undertaking regulatory studies to gain approval for its Cavidi diagnostic products in China and gaining approval for clinical trials of its protease inhibitor DG17 in China," Dr Cohen said.
Narhex said the Xi'an Hex Life Sciences Co joint venture was established with China Shaanxi Dacheng International Trading Co in November 2006.
The company said it had a licence to use land from the Xi'an High Tech Authority and had an agreement to construct a laboratory, office and separate warehouse on land owned by the joint venture.
Narhex said the facility was planned to be operational before the end of June 2009 and allow the joint venture to establish an office in Xi'an on these premises.
The joint venture will also establish a viral testing laboratory at Tangdu academic hospital in Xi'an, which will serve as a source of expertise to register Cavidi products in China and train Chinese technicians in the use of these products.
Narhex said an improved version of the Cavidi Exavir Load gained Conformitée Européenne (CE) approval and was launched at the International AIDS Society meeting in Sydney in July 2007.
Narhex said there was unequivocal international consensus that HIV viral load testing was mandatory for management of patients and Cavidi's Exavir Load was accepted as a reliable testing tool across the whole range of viral levels found in clinical practice, sales in Africa were "disappointing".
The company said the failure of sales to grow as planned, lead to a dilution of its shareholding to 31.59 percent.
Narhex said it would undertake "a small capital raising" to maintain the Australian parent company and fund the ongoing development of the company's Chinese projects.
Narhex last traded at 1.6 cents.

OCCUPATIONAL & MEDICAL INNOVATIONS

Occupational & Medical says it has a letter of intent with "an undisclosed prospective distribution partner" to sell its auto-retractable safety syringe in high volume markets.
Occupational & Medical said the agreement predicted potential sales revenue of more than $US50 million ($A62.6 million) for the initial three years of the agreement between the parties.
The company said projections were based on the achievement of certain business and regulatory requirements by the parties and were not contractually binding at this stage.
Occupational & Medical said the prospective partner had provided initial purchase order forecasts and had a confirmed capability and committed intention to make advance payment for any initial stocking order should a formal contract be executed between the parties. Revenue is not expected until 2010.
Occupational & Medical said it was "aware of competitor activity in the market that has had an adverse effect on [its] revenue and partnership opportunities".
The company said competitors were "reviewing its market announcements on new or intended distribution partners for particular geographic regions and subsequently entering those markets or engaging in tactics designed to prevent [it] from achieving those partnerships and subsequent revenue growth".
Occupational & Medical said it would no longer provide detailed distribution information.
Separately, Occupational & Medical said it had "an investment opportunity" for institutional and sophisticated investors to facilitate the potential commercialization of the company's Safe IV Access Valve technology.
The company said it intended to raise $6 million in three $2 million dollar placements over the coming year, with the first round closing this month.
Occupational & Medical said it intended to transfer the Safe IV Access Valve technology into a new company in which it would retain the controlling interest.
In a third announcement to the ASX today, Occupational & Medical says it has successfully concluded a certification audit by the German-based technical inspections organization TUV SUD Japan.
Occupational & Medical said the audit was for its quality management system and its auto retractable syringe defining quality and regulatory requirements for the European Union, and Canada.
The company said the certification was "an important milestone in demonstrating our commitment to the supply of safety engineered medical devices of the highest quality to the global market".
Occupational & Medical said that pending normal TUV SUD procedures for certification review and release, it should receive the certifications in six to eight weeks.
Occupational & Medical was up four cents or 22.2 percent to 22 cents.

IMMURON

Immuron says director and former chief executive officer Dr Zeil Rosenberg has resigned as a director.
Dr Rosenberg's contract as chief executive officer was not renewal on May (BD: May 29, 2009) and he has subsequently claimed up to $500,000 compensation (BD: Jul 6, 2009).
Immuron was unchanged at 2.7 cents.

PRIMA BIOMED

Prima has requested a trading halt pending an announcement "regarding an investment by a US fund".
Trading will resume on July 21, 2009 or on an earlier announcement.
Prima fell 0.2 cents or 2.74 percent to 7.1 cents with 3.1 million shares traded.

STIRLING

Stirling Products has withdrawn its offer to purchase the business of Milpharma.
Stirling's first announcement in relation to milpharma was a trading halt in June for "a majar pharmaceutical business acquisition" (BD: June 24, 2009).
The company said the proposed acquisition was accepted by the administrator of Milpharma subject to the assignment of certain plant and equipment leases.
Stirling said that despite the Milpharma business deteriorating substantively "due to the restrictive trading limitations generally experienced in any formal corporate administration", the company tried to reach agreement with the existing lessors for debt assignment.
Stirling said it had been advised by the lessor interests that its terms for assignment would not be accepted and the company has formally withdrawn its offer.
Stirling fell 0.1 cents or 5.6 percent to 1.7 cents with 20.4 million shares traded.