



# Biotech Daily

Tuesday July 21, 2009

*Daily news on ASX-listed biotechnology companies*

- \* **ASX FLAT, BIOTECH DOWN: TYRIAN UP 15%, PROGEN DOWN 11%**
- \* **PRIMA WINS \$25.5m CONVERTIBLE LOAN**
- \* **COMPUMEDICS PROFIT UP 217% TO \$2.4m ON REVENUE DOWN 3%**
- \* **ORBIS REDUCES 1% IN PHOSPHAGENICS**
- \* **UNI OF SYDNEY REDUCES TO 7% OF MEDICAL THERAPIES**
- \* **STIRLING ANNOUNCES EXECUTIVE MANAGEMENT TEAM**

## MARKET REPORT

The Australian stock market was flat, up just 0.01 percent on Tuesday July 21, 2009 with the S&P ASX 200 up 0.4 points to 4,050.7 points.

Ten of the Biotech Daily Top 40 stocks were up, 14 fell, nine traded unchanged and seven were untraded.

Tyrian was best, up 0.4 cents or 15.4 percent to three cents with 71,700 shares traded followed by Cathrx up 2.5 cents or 8.2 percent to 33 cents.

Labtech climbed 5.9 percent; Cochlear and Mesoblast were up more than four percent; Benitec was up 3.3 percent; Alchemia, Biota and Chemgenex rose more than one percent; with Peplin and Pharmaxis up by less than one percent.

Progen led the falls, down nine cents or 11.25 percent to 71 cents with 7,121 shares traded followed by Prana and Living Cell both down 8.3 percent to 16.5 cents.

Bionomics, Impedimed and Polartechnics lost more than six percent; Cytopia was down 5.1 percent; Clinuvel fell 4.7 percent; Nanosonics and Resmed shed more than two percent; Acrux, Novogen and Sirtex were down more than one percent; with Cellestis, CSL and Heartware down by less than one percent.

## PRIMA BIOMED

Prima has a \$25.5 million convertible loan facility from the New York-based investment fund Springtree Special Opportunities Fund to commercialize its ovarian cancer vaccine. Prima said the loan would be used to help fund its phase IIb trial for the CVac ovarian cancer vaccine with the US Food and Drug Administration as well as other future trials and approvals.

Prima said it was pursuing commercialization in jurisdictions outside the US and was investigating approval in European markets through the European Medicines Agency. The company said Springtree was a New York-based investment fund that makes debt and equity investments in small-cap and mid-cap public companies around the world. Prima said it would minimize the dilution of existing shareholders by placing limits on the cost of shares issued to Springtree.

Prima said that despite the loan being about the same size as the company's current market capitalization of \$29.9 million it would "minimize the dilution".

Prima said the loan was repayable in Prima's shares, approximately monthly, over a three year period, which potentially allows Prima to issue new capital at prices that are linked to prices prevailing at the time and at premiums to the current share price and minimize the dilution for its shareholders.

Prima said the price at which the loan was repayable in shares was the lesser of 130 percent or in certain circumstances 150 percent of the average of the closing price of ordinary shares of the company for the 20 business days prior to the date of the agreement and 90 percent of the average volume-weighted average price of ordinary shares in the company for a five consecutive business day period during a specified period ending on the date immediately prior to the relevant repayment date.

This means that should the share price increase dramatically the maximum equivalent share price would be 150 percent of about 5.7 cents, that is, 8.55 cents.

Prima's executive director Martin Rogers told Biotech Daily that in that event, Prima could "pause cancel or renegotiate upwards" the value of the shares.

Mr Rogers said Springtree's parent companies were US based boutique investment firms Broadstreet Capital and Abundance Capital using Springtree as a vehicle for funding the off-shore (Australian) company.

In the media release to the ASX Prima said it had "additional safeguards against dilution in that it can opt to repay in cash, rather than in shares, the amount outstanding at any time, and terminate the agreement with the investor, if the price at which Prima would be issuing shares to the investor were to be lower than a specified floor price".

Prima said it had in place "an anti-dilution protection, whereby the first and second tranche of the financing may not exceed two percent of its market capitalization and any subsequent tranche may not exceed three percent of its market capitalization.

Mr Rogers told Biotech Daily that it was only six months ago that Prima appeared to have little value to its long-term retail investors, trading at half a cent on January 1, 2009, compared to today's close of 7.1 cents.

In the media release Mr Rogers said Prima was "delighted to secure this additional new funding into the company for our CVac ovarian cancer vaccine treatment".

"The support we have received from investment markets this year and the flexibility that Springtree has shown in tailoring the funding to suit our needs, are strong measures of the potential CVac has to provide a solution for ovarian cancer patients and to provide revenues for the company and returns for our shareholders," Mr Rogers said.

Prima closed unchanged at 7.1 cents having climbed as much as 16.9 cents to 8.3 cents with 73,275,520 shares traded.

## COMPUMEDICS

Compumedics has reported a dramatic increase in net profit after tax for the 12 months to June 30, 2009 up 217.5 percent to \$2.4 million on revenue down 3.1 percent.

Compumedics chief financial officer David Lawson told Biotech Daily that revenue for the year to June 30, 2009 was expected to be \$37.4 million down \$1.2 million from \$38.6 million in the previous year.

Mr Lawson said net profit after tax for 2008-'09 was expected to be more than \$2.4 million compared to the previous year's \$756,000.

Compumedics said it had maintained sales for its existing core diagnostic capital equipment businesses during a difficult trading environment.

The company said it expected to report record cash generation for the financial year ended June 30, 2009 and continued to reduce its bank debt, down a further 20 percent on a year ago to about \$2.4 million.

Compumedics said it had shipped its first Somnilink sleep-treatment devices to Europe.

The company said the long-term monitoring electroencephalograph device Neuvo would underpin its expansion and would allow it to compete in a \$500 million a year market.

Compumedics was unchanged at 13 cents.

## PHOSPHAGENICS

Orbis Investment Corp has reduced its substantial holding in Phosphagenics from 127,203,155 shares (19.15%) to 120,391,381 shares (18.14%) on July 20, 2009.

The shares were sold for an average of 15.1 cents a share.

Phosphagenics was unchanged at 13 cents.

## MEDICAL THERAPIES

The University of Sydney reduced its substantial holding in Medical Therapies from 16,002,782 shares (8.53%) to 14,820,115 shares (6.97%) between July 3 and July 20, 2009.

Medical Therapies was untraded at 2.9 cents.

## STIRLING PRODUCTS

Stirling has announced its senior management team with corporate management at its Sydney headquarters overseen by managing director Peter Boonen.

Stirling said commercialization and development would be managed and conducted from the company's North American headquarters in Charlottetown, Canada, by group manager and chief operating officer Shane Patelakis.

The chief financial officer for North America will be Neil Ferguson.

Stirling said its chief science officer would be Dr Allen Bain a non-executive director of Zodiac Capital; project co-ordinator is Dr Aldar Bourinbaier and principal investigator and lead clinical manager is Dr Galyna Kutsyna.

Directors of Stirling's South African joint venture are Dr Hinner Köster and Hugo Hattingh. Stirling fell 0.3 cents or 14.29 percent to 1.8 cents with 19.7 million shares traded.