



Biotech Daily

Tuesday March 10, 2009

Daily news on ASX-listed biotechnology companies

- * **ASX UP, BIOTECH DOWN: LIVING CELL UP 31%; BENITEC DOWN 16%**
- * **PROGEN'S \$40m BUY-BACK CUTS ACROSS CYTOPIA MEETING**
- * **MOST PROGEN INVESTORS DON'T VOTE**
- * **ITALIAN STUDY 'CONFIRMS FERMISCAN BREAST CANCER TEST'**
- * **PRIMA REQUESTS 'FUNDING' TRADING HALT**
- * **AVEXA APPOINTS STEPHEN KERR CFO, CO SEC**
- * **TISSUE THERAPIES' LATE INVESTORS RAISE A FURTHER \$109k**
- * **SOLAGRAN CONTRIBUTORS FORFEIT \$1.1m SHARES**

MARKET REPORT

The Australian stock market climbed 0.95 percent on Tuesday March 10, 2009 with the S&P ASX 200 up 30 points to 3,184.5 points.

Eleven of the Biotech Daily Top 40 stocks were up, 12 fell, eight traded unchanged and nine were untraded.

Living Cell was best, up 2.5 cents or 31.25 percent to 10.5 cents with 36,567 shares traded, followed by Tyrian up 15 percent to 2.3 cents.

Chemgenex and Genera climbed more than six percent; Novogen and Progen were up more than three percent; Clinuvel was up 2.7 percent; Nanosonics and Pharmaxis rose more than one percent; with Cellestis, CSL and Mesoblast up less than one percent.

Arana was unchanged at \$1.425 with 2.5 million shares traded.

Benitec led the falls, down 0.6 cents or 15.8 percent to 3.2 cents with 16,300 shares traded.

Prana and Starpharma lost more than eight percent; Alchemia, Avexa, Bionomics, Polartech and Viralytics lost five percent or more; Universal Biosensors fell 4.44 percent; Cytopia and Resmed shed more than three percent; with Acrux, Cochlear and Heartware down more than one percent.

PROGEN, CYTOPIA

Progen will begin its \$40 million buy-back before the Cytopia-requisitioned meeting on March 27, 2009 with a meeting to approve the buy-back scheduled for April 22.

Cytopia chief executive officer Andrew Macdonald said Progen should not call any more meetings until after the March 27 meeting.

Mr Macdonald said beginning the buy-back before the board spill meeting was "not ideal" but his Progen shareholder group was "still committed to a full buy-back".

"We don't support [the \$40 million buy-back]. The buy-back should be open to all shareholders," Mr Macdonald said.

"We strongly believe that the Progen board should not be calling any further meetings until such time as the vote is held on the 27th," Mr Macdonald said.

Progen announced the buy-back yesterday, despite what appears to be an overwhelming win for the Cytopia-related group of Progen shareholders, who want to replace the existing board ahead of an uncapped buy-back and merger (BD: Jan 28, 2009).

Progen told the ASX today that some of the shareholders who voted against the merger wanted a larger amount of cash returned and some wanted to remain shareholders in a company commercializing PI-88 and its related compounds.

Progen said its strategy of returning \$40 million in a voluntary share buy-back "balances the desire of the shareholders who are seeking a short-term cash return with the desire of shareholders who are seeking to ensure Progen continues with its plans to commercialize PI-88 and its related compounds".

Progen said in its announcement of the failed merger with Avexa yesterday that it would expand its proposed \$20 million buy-back to a \$40 million buy-back at \$1.10 a share representing 60 percent of the Progen share register or 36 million shares.

The record date for the buy-back is March 19, 2009 and Progen said the meeting to approve the buy-back would be held on April 22, 2009.

Progen has announced the buy-back will begin on March 23, 2009, five working days before the board spill resolutions are heard at the Cytopia-requisitioned meeting and closes on April 24, 2009, with the take-up results announced on April 30 and cheques dispatched on May 6.

Progen said the timetable was subject to change and participation in the buy-back was voluntary.

Progen said that if it received acceptances for more than \$40 million, the number of shares to be bought back would be scaled-back on a pro-rata basis.

Progen climbed three cents or 3.43 percent to 90.5 cents.

Cytopia fell 0.2 cents or 3.33 percent to 5.8 cents.

Avexa fell 0.4 cents or 5.8 percent to 6.5 cents.

PROGEN

Only 51 percent of Progen's share register voted on the Avexa merger resolutions. Progen will begin a \$40 million share buy-back before the Cytopia meeting.

Progen chief executive officer Justus Homburg told Biotech Daily that the top 50 shareholders "have nearly 50 percent of the outstanding shares and the top 200 have nearly 80 percent".

The overwhelming majority of the 4,000 individual Progen shareholders who could have voted on the Avexa merger resolutions did not attempt to vote.

Progen said the proxy votes representing 30.8 million shares showed that of those voting, 74 percent opposed the Avexa merger, 22 percent were in favor of the merger and three percent were open.

FERMISCAN

Fermiscan says an Italian National Health Service Unit study has shown the company's hair x-ray diffraction test has a sensitivity of 83 percent and specificity of 76 percent. Fermiscan said the results from the Regione Piemonte Azienda Sanitaria Locale (ASLto5) study "compare favorably with all Fermiscan breast cancer test results to date". Fermiscan said sensitivity was the ability to accurately detect cancer and specificity was ability to accurately detect the absence of cancer and the study was under the supervision of the Centre for Oncological Prevention of the Piemonte Region.

The company said ASLto5 runs a major screening program for breast cancer and conducts about 250,000 mammograms per year (see: <http://www.cpo.it>).

Participants in the study were 123 patients who had a first radiological examination that was read as abnormal by two radiologists. The patients were then recalled for second examination (mammography, ultrasound, clinical examination, biopsy) and hair from patients willing to participate in the trial was taken and sent to Fermiscan for analysis. Fermiscan said the report was provided on request to the President of the Health Committee of the Italian Senate in Rome.

The translated report said that "from the preliminary results there emerges also the possibility of a new paradigm in screening whereby the diffraction test can be used as a procedure for screening at I° level more extensively within a target population of women in the category, using it as a broader instrument of 'triage' for women to be sent to II° level". "We should bear in mind also that it appears to recognize systemic change and therefore enables management of the disease at an even earlier stage," the translated report said. Fermiscan said the report was "encouraging and concludes with the intention to further evaluate the Fermiscan breast cancer test in a multi-centre study in Europe".

The translated report said 123 cases at II° level have been analyzed representing a population base of around 3,500.

Of these, 36 had a cyto-histology showing breast tumors or lesions at high risk such as ductal hyperplasia atypica.

Of the 36 cases, 30 resulted positive to the diffraction test and one case was classified as abnormal as the image shows different characteristics.

Of the 66 cases classified by the radiologists as negative to the mammography-ultrasound-clinical or biopsy examination, 21 cases were positive to the diffraction test and 44 were negative to the test.

Of the 21 false positives, 11 cases had a high genetic risk and 14 had events that required examination and recall and should have been recalled anyway. Additionally the results are in general confirmed by the Gail Score and Acute Risk Score of each individual patient.

The protocol of the trial is predicated on the basis of a statistical power of 95 percent and a recruitment of 120 cases at II° level.

The report said the results were "well within the standards of quality proposed by the 'European Guidelines for Quality Assurance in Breast Cancer Screening and Diagnosis. (Fourth Edition)' and we can suggest the following observations in the case of adoption of this test at a national level".

Using this test, the recall rate would be reduced by 45 percent. That is to say that after first level screening, we would recall only 55 percent of the current recall rate for second level screening because the test has a much higher negative predictive value than first level mammography.

The saving in anxiety for the general population and the ability of existing services to focus on the important cases would be a great benefit, the Italian report said.

Fermiscan was unchanged at 18 cents.

PRIMA BIOMED

Prima has requested a trading halt pending an announcement “regarding commercialization funding”.

Trading will resume on March 12, 2009 or on an earlier announcement.

Prima last traded at 0.8 cents.

AVEXA

Avexa has appointed Stephen Kerr as chief financial officer and company secretary effective from March 16, 2009.

Avexa said Mr Kerr had more than 25 years experience in finance, most recently as chief financial officer and company secretary at life science company Optalert.

Prior to that, he worked with the Tolhurst Group managing projects including merger and acquisition transactions and capital raisings.

Avexa said Mr Kerr has held senior management positions in finance with public and private companies in Australia and New Zealand including Freightways and Ausdoc.

He is a qualified accountant, a fellow of the Chartered Institute of Company Secretaries of Australia and holds a Bachelor of Commerce from the University of Melbourne.

Avexa fell 0.4 cents or 5.8 percent to 6.5 cents.

TISSUE THERAPIES

Tissue Therapies has issued shortfall shares to two sophisticated investors who failed to return completed application forms prior to the close of the rights issue

The company said the investors faced “a number of practical difficulties outside their control” and it had “resolved to issue shortfall shares to these two shareholders to a total of 910,000 shares at 12 cents each, increasing the proceeds of the rights issue by a further \$109,200”.

The total number of new shares issued under the rights issue was 15.6 million with total funds raised of \$1.87 million (BD: Mar 4, 2009).

Tissue Therapies climbed two cents or 16.67 percent to 14 cents.

SOLAGRAN

Solagran says 29 percent of contributing shareholders have not yet paid the final part-payment of five cents for their 20 cent shares.

Solagran said the final call of five cents a share on SLACF contributing shares closed on March 2, 2009 (BD: Feb 25, 2009).

The company said call payments for 25,536,775 shares were received by the due date and payments for a further 8,105,453 shares have been received since and the company was awaiting clearance of funds for shares received after due date.

The above represents an acceptance rate of 71 percent for the call to date. Solagran said it was writing to contributing shareholders who have not yet paid the final call. Contributing shareholders who paid 15 cents and do not pay the final five cents forfeit the shares.

At today's close the 13.7 million unpaid shares would have been worth \$1.1 million.

Solagran fell 1.3 cents or 13.83 percent to 8.1 cents.