



Biotech Daily

Tuesday November 17, 2009

Daily news on ASX-listed biotechnology companies

- * **ASX DOWN, BIOTECH UP: LIVING CELL UP 9%; VIRALYTICS DOWN 7%**
- * **METABOLIC TAKES 66% OF POLYNOVO; DIRECTOR DON CLARKE GOES**
- * **XCEED'S BORON CUTS COSTS, SALES DOWN, NEW PLANT NEAR READY**
- * **FLUOROTECHNICS TELLS ASX 'CASH FLOW POSITIVE IN Q1 2010'**
- * **BIOTRON TELLS ASX HEPATITIS C TRIALS INCREASED CASH BURN**
- * **BIO-MELBOURNE BREAKFASTS ON FUNCTIONAL FOODS**
- * **PRIMA REQUESTS ORAL CANCER VACCINE TRADING HALT**

MARKET REPORT

The Australian stock market retreated 0.54 percent on Tuesday November 17, 2009 with the S&P ASX 200 down 25.8 points to 4,729.4 points.

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

Living Cell was best, up 2.5 cents or 9.4 percent to 29 cents with 515,991 shares traded, followed by Mesoblast up 8.98 percent to \$139.50 with 353,752 shares traded.

Genetic Technologies climbed 8.2 percent; Compumedics, Optiscan, Tyrian and Universal Biosensors were up five percent or more; Chemgenex, Genera, Sirtex and Sunshine Heart rose more than two percent; with Cellestis, Progen and Psivida up more than one percent.

Viralytics led the falls, down 0.2 cents or 7.1 percent to 2.6 cents with 1.95 million shares traded, followed by Avexa down 6.4 percent to 22 cents with 5.6 million shares traded.

Prana lost 5.3 percent; Circadian fell 4.7 percent; Alchemia and Novogen were down more than three percent; Bionomics, Heartware and Phosphagenics shed more than two percent; with Pharmaxis down 1.2 percent.

METABOLIC

Metabolic has exercised the first of five options it holds over Polynovo Biomaterials and has invested a further \$1 million to increase its stake from 60 percent to 65.9 percent. Metabolic said it was “encouraged by the good progress made by the business over the past year, with the additional capital to be used in the further development of the group’s highly prospective biodegradable polymer technology”.

The company said the investment was “consistent with the strategy to ensure that Polynovo is appropriately funded and structured in order to maximize the value of its technology platform”.

The increase in Metabolic’s holding dilutes partners Xceed and the Commonwealth Scientific and Industrial Research Organisation to 21.74 and 12.36 percent, respectively. Separately, Metabolic said director Don Clarke would not be seeking re-election and would resign at the conclusion of the November 23, 2009 annual general meeting.

Mr Clarke’s reelection resolution has been withdrawn.

Metabolic was up 0.2 cents or 7.1 percent to three cents.

XCEED CAPITAL, BORON MOLECULAR

Xceed says its subsidiary Boron Molecular has cut expenditure to compensate for reduced sales with a new production facility preparing to be commissioned.

Xceed said Boron was a wholly-owned subsidiary and there was “steady interest in its broad range of specialist compounds targeted at the research and drug discovery market [but] there has been a marked drop off in larger scale orders during the past six months”.

The company said the decline in larger scale orders appeared to be linked to global financial conditions.

Xceed said that from July to October 2009 Boron recorded sales of \$928,547, which was 33 percent below the equivalent period in 2008.

Xceed said more than 95 percent of Boron’s sales were denominated in US dollars and currency fluctuations had “negatively impacted Boron’s profitability”.

Capital expenditure had been deferred and where prudent operating expenditure had been reduced to minimize losses.

Xceed said it expected a steady recovery in the fine chemicals market over the next six to 12 months with Boron “well-positioned to capitalize on any upswing through its expanding product range and the increased capacity provided by the new facility”.

Xceed said Boron has completed construction of its Melbourne production facility and begun commissioning, validation and quality accreditation process.

Xceed said Boron was a wholly-owned subsidiary and the new facility includes a 630 litre glass-lined steel Dedeitrich reactor capable of operating at temperatures between -60°C to +200°C allowing it to support a large range of demanding chemical processes.

The company said Boron’s facility was built “as part of a strategic repositioning of Boron from being seen as an innovator and producer of novel boronic acids to the drug discovery market to a company that can now support this industry during their critical scale up stage and even through early commercialization”.

The new facility was also built to support Boron’s fast expanding product range and catalogue sales of more than 800 products and compounds.

Xceed said final commissioning, validation and quality accreditation of the facility had taken longer than expected and the facility would come into production early next year.

All construction costs were funded by cash generated by Boron including project overruns resulting from unforeseen regulatory requirements.

Xceed fell 0.4 cents or 7.0 percent to 5.3 cents.

FLUOROTECHNICS

Fluorotechnics has told the ASX that is in compliance with the listing rules despite reporting a cash burn of \$1,158,742 in the three months to September 30, 2009 and having \$713,689 cash.

Fluorotechnics told the ASX that its Appendix 4C announcement said it had \$350,000 in undrawn directors loans and a further \$200,000 undrawn line of credit.

The company said that "as indicated in the ... chairman's address to be presented today at the annual general meeting, the company is experiencing increasing sales and is satisfied that it has sufficient funds available to fund its activities and expects to be cash flow positive in the first quarter of calendar 2010".

Fluorotechnics climbed three cents or 8.6 percent to 38 cents.

BIOTRON

Biotron has told the ASX that is in compliance with the listing rules despite a cash burn of \$435,000 in the three months to September 30, 2009 and having \$516,000 cash.

Biotron told the ASX the expenditure was "based on particular research and development programs and, in particular, expenditure during the past year, including the September 2009 quarter, has been focused on the company's phase Ib/IIa clinical trial".

The company said it had successfully completed its phase Ib/IIa clinical trial of its anti-HCV drug BIT225.

Biotron said the trial met all of its expectations and ongoing expenditures would not be at the same level as during the conduct of a clinical trial.

As a result of the completion of the trial, expenditures in the coming quarters would not be as significant as the September 2009 quarter.

The company said it was considering the most effective form of a capital raising to support the further development or commercialization of BIT225.

Biotron said it was "in close dialogue with a number of pharmaceutical companies and other potential partners who have shown interest in the company's antiviral programs".

Biotron fell half a cent or 4.8 percent to 10 cents.

BIO-MELBOURNE NETWORK

The December Bio-Melbourne Bio-Breakfast will investigate functional foods.

The Bio-Melbourne Network's chief executive officer Michelle Gallaher says there is "increasing public concern and media focus on obesity, diabetes and heart disease".

"To combat these health problems, some of Australia's top research organizations and biotech companies are researching and developing 'functional-foods' that can significantly reduce the risks associated with these diseases," Ms Gallaher said.

Ms Gallaher said the Commonwealth Scientific and Industrial Research Organisation had developed Barleymax, a naturally bred 'super-grain' introduced into breakfast cereals.

The director of the CSIRO's Food Futures Flagship Dr Bruce Lee will discuss the development of functional foods.

MG Nutritionals executive Dr Ross Crittenden will discuss case studies on the development and commercialization of functional foods and relevant regulatory issues.

The Bio-Melbourne Network said Dr Crittenden would discuss findings in dairy biologics that have potential to build muscle and "the emerging epidemic in metabolic syndrome".

The December 1, 2009 Bio-Breakfast will be held in the Supper Room, Melbourne Town Hall, Swanston St, Melbourne. Registration from 7:15am with presentations at 8am.

For more information go to: <http://biomelbourne.org/events/view/73>.

PRIMA BIOMED

Prima has requested a trading halt pending an announcement “regarding the development of an oral vaccine for cervical cancer”.

Trading will resume on November 19, 2009 or on an earlier announcement.

Prima was up half a cent or 3.1 percent to 16.5 cents before the halt was requested.