



Biotech Daily

Monday November 2, 2009

Daily news on ASX-listed biotechnology companies

- * **BIOTECH NOVEMBER'S FAVORITE: BDI-20 UP 9.5%, ASX200 DOWN 2.1%
BDI-20 UP 134% FOR YEAR, ASX UP 16%**
- * **TODAY: ASX, BIOTECH DOWN: ANTISENSE UP 11%; LABTECH DOWN 11%**
- * **HADASSAH USES IMMURON COLOSTRUM FOR FATTY LIVER DISEASE**
- * **ST GEORGE JOINS VIRALYTICS' MELANOMA, BREAST, PROSTATE TRIAL**
- * **NOVOGEN WITHDRAWS DIRECTOR OPTIONS; REMUNERATION ROLLED**
- * **CYTOPIA LEAVES LABORATORIES FOR ST KILDA RD OFFICE**
- * **PEPLIN VOTES ON LEO MERGER NOVEMBER 5**
- * **PROGEN SETS AGM DATE PENDING LEGAL ACTION, ASIC EXTENSION**
- * **INNOVATION LOSES ADVISER TIM MURPHY TO GSK**
- * **ROCKEY AGM VOTES TO DELIST, REELECT 7 DIRECTORS**
- * **BIOTECH DAILY TOP 40 WITH MARKET CAPITALIZATION**

MARKET REPORT

The Australian stock market fell 2.2 percent on Monday November 2, 2009 with the S&P ASX 200 down 102.8 points to 4540.4 points. Nine of the Biotech Daily Top 40 stocks were up, 19 fell, nine traded unchanged and three were untraded. All three Big Caps fell.

Antisense was best, up 0.7 cents or 10.9 percent to 7.1 cents with 823,778 shares traded, followed by Cathrx up 8.3 percent to 65 cents. Optiscan climbed 7.1 percent; Avexa, Mesoblast and Tyrian were up more than five percent; Nanosonics was up four percent; with Novogen and Clinuvel up more than one percent.

Labtech led the falls, down 1.5 cents or 11.1 percent to 12 cents with 20,000 shares traded followed by Living Cell down 10 percent to 27 cents.

Sunshine Heart lost 6.7 percent; Biota, Compumedics, Genera and Psivida fell more than five percent; Alchemia and Phosphagenics were down more than four percent; Acrux and Pharmaxis were down more than three percent; Bionomics, Cochlear, Heartware, Prana and Universal Bio shed more than two percent; with Chemgenex, CSL and Starpharma down more than one percent.

[BIOTECH DAILY TOP 40 INDEX](#)

Biotechs continue to beat Australia's biggest companies, with the Biotech Daily Top 20 Index (BDI-20) up 9.5 percent in October and 133.8 percent for the year.

For the first time since its inception, the Biotech Daily Top 40 Index (BDI-40) has numerically surpassed the ASX 200. The aggregate of the Top 40 companies' market capitalizations based on a mix of interesting science, benefit to humanity and long term potential for profit, the BDI-40 is a robust measure of the sector. It climbed 7.3 percent in the month of October and 114.8 percent for the year to October 31, 2009.

By comparison, the ASX200, measuring the market capitalizations of Australia's largest 200 companies, fell 2.1 percent in October and was up just 15.6 percent for the year, proving definitively that size isn't everything.

Psivida's fall at the beginning of the month was the main factor in the \$38 million or 6.3 percent fall in the Second 20 Index, making the BDI-40 less impressive in October than the BDI-20. Most other stocks losing ground slipped by less than 10 percent.

The Big Caps of CSL, Cochlear and Resmed (which are not included in the BDI-20 or BDI-40) continue to struggle, losing 2.8 percent in October and down 7.1 percent for the year. Resmed was up 7.0 percent, CSL fell 4.7 percent and Cochlear lost 3.3 percent.

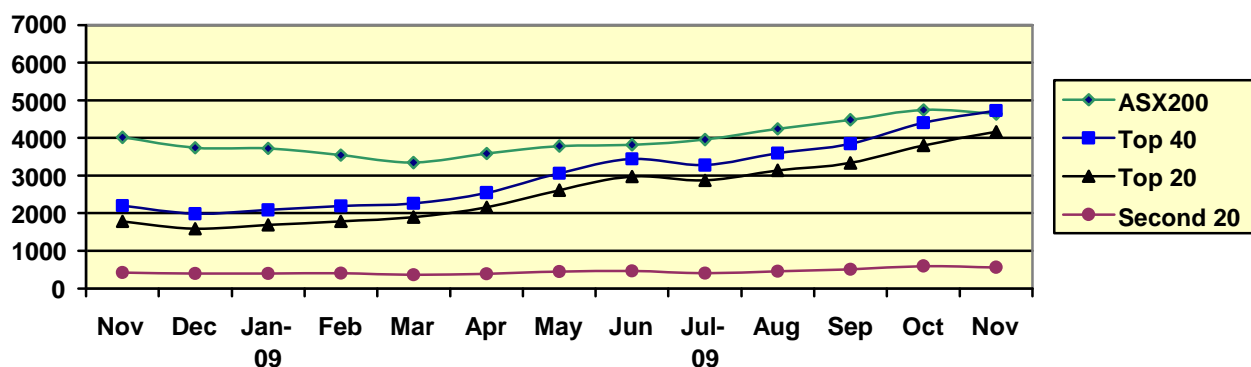
In October, 15 of the Top 20 companies climbed and four fell, with seven up more than 20 percent. Eighteen Top 40 companies were up with 20 down, most by less than 10 percent.

Avexa was best, up 52.6 percent to a market cap of \$119 million, followed by Cathrx up 50 percent to \$42 million, Antisense (31.0%), Living Cell (27.4%), Universal Biosensors (26.7%), Bone (26.7%), Bionomics (22.7%), Sirtex (21.9%) and Heartware (20.5%).

Psivida led the falls, down 25.3 percent to \$68 million, followed by Prana (23.6%), Cytopia (20%), Novogen (17.3%), Optiscan (15.4%) and Labtech (13.3%).

Biotech companies have raised more than \$315 million since January this year and \$325 million in the 12 months since October 31, 2008, not including institutional raisings.

Biotech Daily Top 40 (\$m) v S&P ASX 200 2008-09



IMMURON

Immuron says Israeli researchers have demonstrated that insulin enriched cow colostrum lowers the level of sugar and insulin resistance in mice with a model of fatty liver disease. Immuron said researchers at Jerusalem's Hadassah University Hospital treated mice with fatty liver disease with colostrum - the milk produced immediately after calving - enriched with insulin antibodies, administered orally for four weeks, which showed positive results. Hadassah's Department of Internal Medicine's Dr Tomer Adar and Dr Gadi Lalazar led the the research in the laboratories of the liver unit at the Hadassah University Hospital. Immuron said the Hadassah researchers would present their findings in Boston at the annual conference of the American Association for the Study of Liver Diseases. Hadassah's technology transfer arm Hadasit has agreed to develop its research with Immuron (BD: Apr 21, 2009).

Immuron said the collaborative effort combines Hadassah's oral immune modulation approach with antibodies produced by Immuron.

The company said the result appeared to directly affect the activity level of regulatory T cells, an immune cell "known to have a profound effect on controlling the inflammation caused by many diseases".

The company said that fatty liver disease was characterized by the development of surplus of fat in the liver cells.

It is caused mainly by obesity, diabetes and hyperlipidemia or the elevation of lipids in the bloodstream, mostly tryglicerides.

Immuron said insulin resistance, the relationship between these factors and the disease, occurred when cells did not react normally to insulin, increasing the level of sugar and hyperlipidemia in the body.

The company said fatty liver disease was the most common liver disease in the western world and was increasingly prevalent in other parts of the world.

Hadassah researchers showed that the use of Colostrum enriched with insulin antibodies, affected cells that regulate inflammation such as T cells in the liver and fat tissues, lowering the level of sugar and improving insulin resistance.

Hadassah's head of internal medicine Prof Yaron Ilan, who is Immuron's medical director and developed the technology said the collaboration was "able to demonstrate dramatic improvement in the levels of sugar and hyperlipidemia on an animal model with fatty liver disease".

"These encouraging results reinforce our ability to investigate the use of this concept on other inflammatory processes," Prof Ilan said.

Immuron said Hadassah would begin a clinical trial to test the safety and efficacy of the treatment on human patients with fatty liver disease within a few months.

Immuron was untraded at 6.6 cents.

VIRALYTICS

Viralytics says Sydney's St George Hospital will be the second site to host phase I trials of intravenous Cavatak for melanoma, breast and prostate cancer.

St George Hospital oncologist Dr Winston Liauw said patients were being recruited from the greater Sydney metropolitan area.

Viralytics the addition of St George Hospital was expected to accelerate patient recruitment.

Viralytics' managing director Bryan Dulhunty the company's clinical program was "well underway to providing a solid basis of data to underpin our phase II program",

Viralytics was unchanged at 2.8 cents.

NOVOGEN

Novogen withdrew an annual general meeting resolution providing employee options to director Prof Alan Husband and saw its remuneration report overwhelmingly defeated. The resolution to provide 214,540 options exercisable at 52.56 cents in five tranches over five years was withdrawn prior to the meeting.

Prof Husband told Biotech Daily that in the current economics climate shareholders were generally not happy with directors receiving options.

Prof Husband said the options were employee options on the same terms as any other employee of Novogen.

The remuneration report was defeated with 40,181,591 proxy votes (80.8%) opposed and 9,525,010 proxy votes (19.2%) in favor.

Director Prof Paul Nestle survived re-election with 29,559,241 proxy votes (59.4%) in favor and 20,224,991 proxy votes (40.6%) against, while director Philip Johnson was re-elected more comfortably with 46,855,632 proxy votes in favor and 2,985,850 proxy votes opposed and William Rueckert was returned overwhelmingly.

Novogen was up one cent or 1.7 percent to 60 cents.

CYTOPIA

Cytopia has moved offices to St Kilda Road Melbourne and no longer performs any of its own laboratory work.

Cytopia chief executive officer Andrew Macdonald told Biotech Daily the company has eight staff compared to 28 staff a year ago and all clinical work on its two lead programs has been contracted-out.

Mr Macdonald said there had been "no recognition of the research we have done" despite the fact that CYT997 and CYT387 were progressing well.

The company's merger with Toronto's YM Biosciences is expected to be ratified at an annual general meeting called for December 23, 2009 (BD: Oct 6,7, 2009).

Cytopia's new offices are Level 2, 499 St Kilda Road, Melbourne and the telephone number is +613 9926 0444.

Separately, Cytopia announced changes to its merger arrangement with YM Biosciences involving the addition of caps to prevent extreme variations in YM's share price overly affecting Cytopia share holders.

Cytopia said the amendments were largely due to changes in the Toronto Stock Exchange rules requiring shareholder approval for an issue of shares greater than 24.99 percent.

Shareholder approval would delay the merger.

Cytopia was unchanged at 10 cents.

PEPLIN

Peplin says the final day of trading of its CHESSE Depository Interests (CDIs) on the ASX will be November 5, 2009 ahead of the merger with Leo Pharma AS (BD: Sep 3, 2009).

Peplin said the special meeting of holders of common stock and CDIs would take place in the morning of November 6, 2009. Should the merger not succeed at that meeting, Peplin shares would resume trading on the ASX.

The meetings will be held at 10am Brisbane time at the offices of Fenwick & West, 555 California Street, 12th Floor, San Francisco, California and broadcast by videoconference to the Marriott Hotel, 515 Queen Street, Brisbane, Queensland.

Peplin said if the merger was adopted it would become effective on November 12, 2009.

Peplin was unchanged at 88.5 cents.

PROGEN PHARMACEUTICALS

Progen says pending legal action to extend the date, its annual general meeting, primarily to elect directors, will be held on November 30, 2009.

In Progen's notice of meeting chairman Stuart James said Progen had begun "legal action against several shareholders who the board allege have contravened the takeovers and substantial shareholdings provisions of the Corporations Act" (BD: Aug 4; Sep 15, 2009). Mr James said that one of the central issues in the case was the voting power at meetings and the company had applied to the Queensland Supreme Court for orders adjourning resolutions on the election of directors until after the case was determined.

"The intention is to preserve the status quo on the board until the case is determined after a trial, which is currently scheduled for February 2010," Mr James said.

Mr James said the Court would not hear the adjournment order application until November 9, 2009 and the company had applied to the Australian Securities and Investments Commission to extend the time to hold the meeting until late February 2010. If that was successful, Progen would postpone the meeting until February 28, 2010.

Until notified, shareholders should act as if the AGM will proceed on November 30, 2009.

The meeting will vote on the remuneration report and an increase in the non-executive director remuneration pool from \$500,000 a year to \$800,000 a year as well as the election of directors Stuart James, Dr Julie Cherrington, Dr John Chiplin, Dr Gordon Schooley, Joe Yeh-Chiao Lin and Dr Tzong-Pai (Paul) Lin.

The meeting is scheduled to be held at the Terrace Room, Indooroopilly Golf Club, Meiers Road, Indooroopilly, Queensland on November 30, 2009 at 3pm.

Progen was unchanged at 58 cents.

MINISTER FOR INNOVATION

The Minister for Innovation Senator Kim Carr's innovation adviser Tim Murphy has resigned "suddenly" to join Glaxosmithkline.

Biotech Daily has confirmed Mr Murphy left the Minister's office on October 30, 2009 and will join Glaxosmithkline on November 9 as head of government affairs and public policy.

Mr Murphy was previously the chief executive officer of the Bio-Melbourne Network and resigned to join Senator Carr's office in May 2008.

A media officer for Senator Carr said Edwina Chin was acting in Mr Murphy's position and would have responsibility for biotechnology issues. A Departmental officer will assist Ms Chin and other staff "to pick up Mr Murphy's responsibilities" while longer term arrangements were considered.

ROCKEY BIOMED

Rockeby investors will vote to delist from the ASX and reelect seven directors.

Rockeby said "the ability of the company to take advantage of being a listed company to raise funds from the equity market is limited, due to the poor market environment ... [and] the cost of maintaining listing is disproportionate to the company's market capitalization."

Rockeby had a cash burn of \$260,000 for the three months to September 30, 2009 with cash of \$343,000. Its market capitalization was \$822,548 at the time of writing.

The meeting will vote on the re-election of directors Hon Kuan Ivan Chong, Kow Hin Fan, Joong High Hoon, Eric Ong Ming Wong, Annie Hui Lian Yap, David Francis Capes and Bernard Soon Beng Lee and will be held at 1 Kaki Bukit View, Techview 06-01, Singapore on November 27, 2009 at 9.30am.

Rockeby was untraded at 1.1 cents.

BIOTECH DAILY'S TOP 40 WITH MARKET CAPITALIZATION

Company \$Am	Nov-09	Oct-09	Sep-09
Cochlear	3,629	3,753	3,162
CSL	19,080	20,012	19,441
Resmed	4,117	3,846	4,097
Top 20			
Acrux	304	272	210
Alchemia	105	92	71
Antisense	38	29	26
Avexa	119	78	72
Bionomics	92	75	66
Biota	492	478	353
Cellestis	336	324	346
Chemgenex	212	208	164
Clinuvel	94	102	97
Heartware	418	347	368
Impedimed	79	67	60
Living Cell	79	62	38
Mesoblast	143	140	123
Novogen	62	75	74
Peplin	269	272	182
Pharmaxis	554	523	495
Phosphagenics	57	64	76
Sirtex	329	270	256
Starpharma	118	118	93
Universal Biosensors	266	210	166
Second 20			
Benitec	16	17	19
Bone Medical	19	15	18
Cathrx	42	28	19
Circadian	33	35	34
Compumedics	28	30	29
Cytopia	8	10	9
Genera	45	42	32
Genetic Tech	21	21	23
Labtech	13	15	14
Nanosonics	94	96	89
Optiscan	11	13	8
Phylogica	21	22	16
Prana	42	55	49
Progen	14	15	16
Psivida	68	91	60
Sunshine Heart	24	25	16
Tissue Therapies	13	16	18
Tyrian	9	11	5
Uscom	31	32	30
Viralytics	9	10	8

* Biotech Daily editor, David Langsam, owns shares in Alchemia, Avexa, Chemgenex, Cytopia, Impedimed, Neuren and Optiscan, as well as non-biotechnology stocks. Through Australian Ethical trusts, he has an indirect interest in Cochlear, CSL, Genera and Pharmaxis. These holdings are liable to change at any time.

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