



Biotech Daily

Friday April 23, 2010

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH DOWN: PRIMA UP 14%; OPTISCAN DOWN 8%**
- * **SELECT VACCINES' MARTIN SOUST 10 YEAR BAN, \$80k FINE**
- * **CSL SEASONAL 'FLU VACCINE: PAEDIATRIC ADVERSE EVENTS**
- * **GIACONDA DEAL FOR HELICOBACTER TREATMENT**
- * **CSL PLEADS SCHULTZ, NO COMMENT TO ASX 8% PRICE FALL QUERY**
- * **BAM CAPITAL CEASES SUBSTANTIAL IN PRANA**
- * **ORBIS REDUCES 1% IN PHARMAXIS**
- * **WILSON HTM INCREASES 1% IN CATHRX**

MARKET REPORT

The Australian stock market fell 0.53 percent on Friday April 23, 2010 with the S&P ASX 200 down 25.9 points to 4881.5 points.

Nine of the Biotech Daily Top 40 stocks were up, 17 fell, 11 were unchanged and three were untraded.

Prima was best, up two cents or 13.8 percent to 16.5 cents with 15.8 million shares traded, followed by Prana up 9.1 percent to 18 cents.

Tissue Therapies climbed 4.6 percent; Avexa, Living Cell and Starpharma were up more than three percent; with Chemgenex up 1.23 percent.

Optiscan fell half a cent or 8.3 percent to 5.5 cents with 308,000 shares traded, followed by CSL down \$2.66 or 7.3 percent to \$33.94 with 25.4 million shares traded.

Patrys, Heartware and Novogen fell four percent or more; Cellmid and Compumedics lost more than three percent; Circadian, Clinuvel and Uscom shed two percent or more; with Acrux, Alchemia, Impedimed, Nanosonics and Universal Biosensors down more than one percent.

SELECT VACCINES

Former Select Vaccines chief executive officer Martin Soust has been disqualified from managing corporations for 10 years, fined \$80,000 and ordered to pay legal costs. Federal Court judge Alan Goldberg made the orders in Melbourne in a case brought to trial by the Australian Securities and Investments Commission.

Justice Goldberg said that on February 15, 2010 he published the reasons for judgment in which he concluded that under Section 1317E of the Corporations Act 2001, "that the defendant, Dr Martin Soust, contravened Section 1041A of the Act by taking part in, and carrying out, a transaction that had the effect of creating an artificial price for trading in shares in Select Vaccines by placing an order with Bell Potter Securities to purchase \$2,550 worth of shares in Select Vaccines at market price" on the ASX".

"I also found ... that the defendant contravened Section 1041B(1) of the Act by doing an act which had the effect of creating a false and misleading appearance with respect to the market and the price for trading in shares in Select Vaccines on the ASX by placing that same order to purchase shares in Select Vaccines with Bell Potter Securities," Justice Goldberg wrote in his judgment published today.

"As a result of these contraventions I found ... that the defendant contravened Section 181(1) of the Act in that he failed to exercise his power, and discharge his duty, as a director of Select Vaccines in good faith, in the best interests of Select Vaccines or for a proper purpose, as well as Section 182(1) of the Act in that he improperly used his position as a director of Select Vaccines to gain an advantage for himself and Martin Soust & Co Pty Ltd and to cause detriment to Select Vaccines by: (a) placing the order to purchase \$2,500 worth of Select Vaccine shares at market price with Bell Potter Securities on the ASX; (b) thereby contravening Select Vaccine's share trading policy; (c) failing to inform the other directors of Select Vaccines of his involvement in that purchase; and (d) deliberately concealing his involvement in that purchase from the other directors of Select Vaccines," Justice Goldberg said.

Justice Goldberg said Mr Soust deliberately attempted to conceal his identity as the buyer of the shares, which he claimed were bought by his late mother Bohumira Soust. The shares were purchased in order to secure a \$24,500 bonus for Mr Soust which Justice Goldberg said was repaid to Select Vaccines the day before the trial began.

CSL

CSL Biotherapies says it is "aware of reports of a number of adverse events following influenza vaccination of children".

A CSL spokeswoman told Biotech Daily that data was being collected but there had been a minimum of 23 reports of children in one month suffering febrile convulsions.

The spokeswoman said no batch of vaccine had been identified at this time, but CSL was the largest supplier of influenza vaccine in Australia.

In a media release, CSL said it was "urgently investigating these reports in association with the relevant regulatory bodies" including the Australian Therapeutic Goods Administration and Western Australia Health.

CSL medical and research director Dr Darryl Maher said that as a precautionary measure and in support of the Commonwealth Chief Medical Officer's decision advising [general practitioners] and immunization providers to stop giving seasonal influenza vaccine to children under five years of age, CSL would withhold further distribution of its paediatric influenza vaccine to reduce the risk of inadvertent administration in this age group.

CSL closed down \$2.66 or 7.3 percent to \$33.94 with 25.4 million shares traded (see ASX query story below).

GIACONDA

Giaconda says it has an agreement with Sydney Compounding Chemist to use its Heliconda formulation for Helicobacter pylori infection treatment failures in Australia. Giaconda said the treatment was developed by major shareholder and chief medical officer Prof Thomas Borody as a therapy for those persons who have failed conventional therapy for the eradication of Helicobacter pylori infection.

The company said Helicobacter pylori infection was strongly linked with the development of gastric ulcers and stomach cancer.

Giaconda said the infection was "a major public health issue as more than 50 percent of the world's population [is] thought to be infected with that bacterium".

The company said that the infection was particularly prevalent in less developed countries and "numerous recent publications have cited the significant increase of therapeutic failures from presently approved eradication therapies".

Giaconda said it expected to be paid a royalty for each Heliconda treatment sold by the Sydney Compounding Chemist.

Giaconda was untraded at four cents.

CSL

CSL says it is not aware of any information that has not been announced which, if known, could be an explanation for recent trading in its securities.

The ASX said the company's share price fell \$2.89 or 7.9 percent from \$36.60 cents on April 22, 2010 to \$33.71 on April 23, 2010, along with an increase in trading volumes.

CSL said it was "aware of the public release of Baxter International's first quarter 2010 results ... and the publicly reported comments made by Baxter spokespersons in relation to that release" but "it is not CSL's practice to make comments about announcements by competitors".

In its report, Baxter downgraded its full-year guidance from five-to-seven percent to one-to-three percent and said: "Our revised financial guidance primarily reflects the impact of recent healthcare reform legislation in the US and our outlook for continued plasma market pressures."

Some analysts accept Baxter's claims, but others have said that providing insurance cover for 30 million more customers would increase business (BD: Mar 24, 2010).

CSL told the ASX it was not aware of any reason to alter the guidance to the market in its half-year report (BD: Feb 17, 2010).

PRANA BIOTECHNOLOGY

BAM Opportunity Fund and related companies to Hal Mintz and Ross Berman have ceased their substantial holding in Prana.

On March 4, 2010 BAM reduced from 17,091,498 shares (7.31%) to 14,684,639 shares (6.27%).

Prana was up 1.5 cents or 9.1 percent to 18 cents.

PHARMAXIS

Orbis Investment Management and associates have reduced their substantial holding in Pharmaxis from 39,153,234 shares (17.87%) to 37,675,014 shares (16.72%).

Orbis said it sold the 1,478,220 shares for \$4,379,099 or \$2.96 a share.

Pharmaxis was up two cents or 0.6 percent to \$3.17.

CATHRX

Wilson HTM Investment Group has increased its substantial holding in Cathrx from 5,521,136 shares (7.86%) to 9,816,838 shares (8.94%). Cathrx was unchanged at 16 cents.