



Biotech Daily

Friday April 30, 2010

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH UP: PRANA UP 14%, BONE DOWN 17%**
- * **TAIWAN'S MEDIGEN FINALLY CLAIMS PROGEN'S PI-88**
- * **RESMED RECORD QUARTER REVENUE, PROFIT**
- * **MESOBLAST STEM CELLS BEAT BONE GRAFT IN PHASE I LUMBAR TRIAL**
- * **PRIMA: 'DENDREON CANCER VACCINE GOOD NEWS FOR CVAC'**
- * **ACRUX HAS \$50M MORE THAN ONE QUARTER CASH**
- * **FLUOROTECHNICS HAS LESS THAN ONE QUARTER CASH; RIGHTS ISSUE**
- * **NORWOOD ABBEY HAS LESS THAN TWO QUARTERS CASH**
- * **CHARITY GIVES \$43k FOR IMPEDIMED L-DEX RESEARCH**
- * **BIOTRON APPOINTS PROF DENIS WADE DIRECTOR**
- * **IM MEDICAL EQUITY SECURITIES VOTE SPLIT**
- * **BIOPROSPECT RAISES \$156k**
- * **STIRLING HAS ONE QUARTER CASH**

MARKET REPORT

The Australian stock market was up 0.46 percent on Friday April 30, 2010 with the S&P ASX 200 up 21.8 points to 4,807.4 points. Eighteen of the Biotech Daily Top 40 stocks were up, 11 fell, eight traded unchanged and three were untraded.

Prana was best, up 2.5 cents or 14.3 percent to 20 cents with 1.7 million shares traded, followed by Prima up two cents or 12.5 percent to 18 cents with 41 million shares traded. Compumedics was up 9.7 percent; Patrys was up 8.7 percent; Living Cell climbed seven percent; Antisense, Benitec, Nanosonics, Phylogica and Resmed were up five percent or more; Viralytics was up 4.4 percent; Sunshine Heart and Universal Biosensors were up more than three percent; Cathrx rose 2.9 percent; with Mesoblast and Starpharma up more than one percent.

Bone led the falls, down 2.5 cents or 17.2 percent to 12 cents with 5,000 shares traded, followed by Biota down 8.5 percent to \$1.35 with 5.2 million shares traded.

Phosphagenics fell 6.7 percent; Avexa and Circadian were down more than three percent; Novogen and Tissue Therapies shed more than two percent; with CSL, Genera and Psivida down more than one percent.

PROGEN

Progen chief executive officer Sue MacLeman says that Taiwan's Medigen is expected to acquire exclusive global rights to PI-88 for liver cancer.

Ms MacLeman told Biotech Daily that should the deal be confirmed, Medigen would pay Progen upfront fees, milestones and "royalties at a market benchmark rate".

Medigen has wanted to acquire PI-88 or Muparfostat since Progen discontinued a phase III trial of the compound, citing slow recruitment in 2008 (BD: Jul 23, Nov 21, 2008) and the failed mergers with Avexa and Cytobia were related to the issue.

Ms MacLeman said the deal should be completed in 60 days.

She said Progen's intellectual property costs would be reduced to negligible, but the company would earn income through its wholly-owned subsidiary Pharmasynth manufacturing the active ingredient for Medigen's trials.

In a media release, Progen said PI-88 was a multi-targeted cancer therapeutic in late stage development which inhibited both angiogenesis or tumor promoting factors such as vascular endothelial growth factor, fibroblast growth factors 1 and 2, and heparanase, an enzyme implicated in metastasis or tumor spread.

Medigen was the contract research organization conducting the Taiwan based trial.

Medigen chief executive officer Stanley Chang said the signing of the letter of intent "depicts Medigen's strong intention to put the PI-88 phase III trial back on track with commercialization in the near future".

Ms MacLeman said Medigen had "a strong track record and understanding of the Asian markets which represents the major markets for Muparfostat in liver cancer".

"They have also offered to enter into a licencing agreement on terms that are better than the previous agreement including improved milestones and royalties," Ms MacLeman said.

The previous agreement with the California-based Global Transbiotech concluded when the US company failed to begin a specified pivotal registration trial (BD: Apr 8, 2010)

Progen said the Medigen transaction might require shareholder approval under ASX Listing rule 10.1 and the ASX would be consulted.

The company said Medigen was an 8.48 percent substantial shareholder in Progen, but was not a related party for the purpose of Chapter 2E of the Corporations Act so shareholder approval was not required under these provisions.

Progen was unchanged at 51 cents.

RESMED

Resmed has again posted a record quarter revenue up 22 percent to \$US278.7 million and profit up 16 percent to \$US48,800,000 for the three months to March 31, 2010.

In February the company posted record quarter and half year revenue and profits for the three and six months to December 31, 2009 (BD: Feb 5, 2010).

Diluted earnings per share was 63 US cents, a 24 percent increase over the three months ended March 31, 2009.

Resmed said that for the nine months to March 31, 2010, revenue was up 20 percent to \$US800.8 million compared to the nine months to March 31, 2009, with net income up 35 percent to \$US136.9 million.

Research and development costs were \$US18.3 million (\$A19.7 million) or seven percent of revenue.

Resmed said that it donated \$US1.0 million or \$US600,000 after tax to the Resmed Foundation "to promote research, as well as public and physician awareness of the importance of sleep and respiratory health throughout the world".

Resmed was up 39 cents or 5.8 percent to \$7.08 with 9.7 million shares traded.

MESOBLAST

Mesoblast says a US trial of its allogeneic or off-the-shelf stem cells for postero-lateral lumbar spinal fusion performed better than the standard of care bone graft.

Mesoblast said the first small safety trial evaluating the adult stem cells at New York's Hospital for Special Surgery had completed enrolment and had been fully reviewed.

The company said that implantation of the cells "was safe and was associated with earlier generation of new bone formation and fusion which was robust, as determined by [computed tomography] scan".

Mesoblast said the trial compared the safety and efficacy of Mesoblast's Neofuse allogeneic stem cell product on one side, with the standard-of-care autograft bone on the other side in the same patient.

The company said patients continued to be followed and no cell-related adverse events had occurred to date.

Mesoblast said that at six months, three of five sites that received the lowest dose tested of Neofuse demonstrated fusion, as determined by bone bridging between two vertebrae whereas only one of seven sites which received autograft demonstrated fusion.

The company said the initial results were "very encouraging and support prior preclinical data which have shown that Mesoblast's allogeneic cells generate faster fusion in the lumbar and cervical spine than the autograft standard-of-care".

Mesoblast said its phase II trial for minimally-invasive posterior lumbar inter-body fusion was fully funded and recruiting rapidly.

The company said results from the second trial would form the basis for a pivotal trial design in support of its commercialization of a lumbar spinal fusion product.

Mesoblast was up 2.5 cents or 1.3 percent to \$1.935.

PRIMA BIOMED

Prima says it will benefit from US Food and Drug Administration market approval for Dendreon Corp's Provenge immunotherapy vaccine for prostate cancer.

Prima said its phase II CVac cancer vaccine for ovarian cancer was similar technology and the Provenge approval was "a transformational event in the development of cancer treatments and may create an entirely new treatment paradigm for patients with cancer".

The company said Dendreon pioneered the use of cancer immunotherapies that use the patient's own immune system to treat cancer and the approval of Provenge was "a significant scientific and clinical advancement for the treatment of prostate cancer".

Prima said demand for proven immunotherapy treatments for cancer was "likely to be very strong in coming years" given the safety, simplicity and convenience of administration.

The company said immunotherapy treatments extracted white blood cells from a patient, mixed them with vaccine components and injected the combination back into the patient.

Prima quoted Bloomberg reporting that Provenge would "generate \$1.2 billion by 2014".

Prima was up two cents or 12.5 percent to 18 cents with 41.1 million shares traded.

ACRUX

Acrux says its net operating cash flow for the three months to March 31, 2010 was \$53,259,000 with cash at the end of the quarter of \$61,483,000.

Most of the receipts from customers in the Appendix 4C was the \$US50 million up-front fee from Eli Lilly's licence for the company's Axiron testosterone treatment (BD: March 16, 2010).

Acrux fell 1.5 cents or 0.8 percent to \$1.97.

FLUOROTECHNICS

Fluorotechnics says its net operating cash burn for the three months to March 31, 2010 was \$1,590,706 with cash at the end of the quarter of \$186,399.

The company also announced a two-for-five rights issue at 15 cents a share to raise up to \$2,183,173, with Hunter Hall Investment Management and company directors guaranteeing a take up to \$1.2 million and \$165,000, respectively.

The record date is May 10, 2010 and the offer closes on May 26, 2010.

Fluorotechnics raised \$1.8 million in a rights issue in January (BD: Jan 21, 2010).

Fluorotechnics is the first of the more than 100 companies covered by Biotech Daily to have less than two quarters cash in this reporting season, compared to 13 companies at the same time last year.

Fluorotechnics fell 12 cents or 40 percent to 18 cents.

NORWOOD ABBEY

Norwood Abbey says its net operating cash burn for the three months to March 31, 2010 was \$155,000 with cash at the end of the quarter of \$270,000.

Norwood said it was continuing with a back door listing for China's Sino-Excel Energy to become a coal trading company (BD: Sep 14, 29, 2009; Jan 29, 2010).

The company retains several biotechnology assets.

Norwood Abbey was untraded at 0.6 cents.

IMPEDIMED

Impedimed says Massachusetts Mercy Breast Care Center medical director Dr Steven Schonholz has been granted \$US40,000 (\$A43,000) to study its L-Dex lymphoedema test. Impedimed said the grant from the Susan G Komen for the Cure breast cancer advocacy group would be used to fund Dr Schonholz's study entitled 'Prospective Assessment and Management of Upper Extremity Lymphoedema in Recently-Diagnosed Breast Cancer Patients as the Evidence-Based Standard of Care'.

Impedimed said Dr Schonholz was the first US surgeon to incorporate its L-Dex technology into the routine care of his breast cancer patients.

The company said the grant would provide education and free prospective L-Dex lymphoedema screening for 250 breast cancer patients in Greater Springfield.

Impedimed was unchanged at 70 cents.

BIOTRON

Biotron has appointed Prof Denis Wade as a director.

Biotron said Prof Wade had been a director of private and public companies, including Heartware since December 2004, was chairman of Gene Shears and was managing director and chairman of Johnson & Johnson Research.

The company said Prof Wade was the foundation professor of clinical pharmacology at the University of New South Wales.

Biotron said Prof Wade was a former chairman of the Australian Academy National Committee for Pharmacology and the Australasian Society for Clinical and Experimental Pharmacology and Toxicology.

The company said Prof Wade held an honours degree in Medicine and Science from the University of Sydney and a Doctorate of Philosophy from the University of Oxford.

Biotron was untraded at 8.5 cents.

IM MEDICAL

The largest number of IM Medical proxy votes opposed the refreshing capacity to issue shares but the ballot was passed with discretionary proxies.

The total number of proxy votes in favor of the resolution was 14,475,080 with 19,959,814 proxy votes opposed.

But IM Medical said there were 19,148,051 discretionary votes, with a further 2,170,816 proxy votes directing abstention.

IM Medical fell 0.1 cents or 33.3 percent to 0.2 cents with five million shares traded.

BIOPROSPECT

Bioprospect says it has raised \$156,400 through the placement of 7,820,000 shares at two cents a share.

Bioprospect said each new share would come with a free attaching option exercisable at five cents by December 31, 2013.

Bioprospect has directors including Elias Leo 'The Gun' Khouri, Sen Sgt Anthony Langdon of the Victoria Water Police and staff of Solagran.

Bioprospect was unchanged at 2.3 cents with 1.3 million shares traded.

STIRLING PRODUCTS

Stirling says its net operating cash burn for the three months to March 31, 2010 was \$1,346,000 with cash at the end of the quarter of \$1,560,000.

The company said that it acquired a pharmaceutical plant in Canada for \$3,942,110 with an interest free mortgage of \$3,574,450 to be paid at \$C25,000 a month for 30 months.

Stirling has previously said it was developing an inhaled drug delivery device and over-the-counter remedies for H1N1 influenza, tuberculosis and AIDS.

Stirling was unchanged at one cent with 5.1 million shares traded.