



Biotech Daily

Friday February 19, 2010

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH DOWN: IMPEDIMED UP 7.5%; LIVING CELL DOWN 8%**
- * **CSIRO'S 12% OF POLYNOVO GIVES CALZADA 100%**
- * **AGENIX SEEKS FUNDS FROM GAOLED CEO NEIL LEGGETT**
- * **FERMISCAN SHELL 4 SALE**
- * **CATHRX CEO JEFFREY GOODMAN STARTS ON \$250k, 1m OPTIONS**
- * **PETER VASSILEFF REDUCES 4.5% IN PHARMAUST**

MARKET REPORT

The Australian stock market fell 0.43 percent on Friday February 19, 2010 with the S&P ASX 200 down 19.8 points to 4635.1 points.

Fourteen of the Biotech Daily Top 40 stocks were up, 16 fell, six traded unchanged and four were untraded. All three Big Caps were up.

Impedimed was best, up five cents or 7.5 percent to 72 cents with 10,000 shares traded, followed by Prana up one cent or 7.4 percent to 14.5 cents with 249,916 shares traded.

Antisense and Biota climbed six percent or more, the latter with 2.4 million shares traded; Clinuvel was up 5.45 percent; Acrux, Avexa, Bionomics, Circadian and LBT were up more than three percent; Chemgenex, Optiscan and Resmed rose more than two percent; QRX was up 1.15 percent; with CSL, Cochlear and Heartware up by less than one percent.

Living Cell led the falls, down 1.5 cents or 7.9 percent to 17.5 cents with 125,534 shares traded, followed by Cathrx down 7.4 percent to 25 cents with 296,372 shares traded.

Cellmid, Patrys and Phylogica lost more than six percent; Novogen and Prima were down three percent or more; Benitec, Nanosonics, Tissue Therapies and Universal Biosensors shed more than two percent; Pharmaxis was down 1.2 percent; with Cellestis, Mesoblast, Sirtex and Starpharma down less than one percent.

CALZADA, CSIRO, XCEED, POLYNOVO

Calzada (formerly Metabolic) has acquired the Commonwealth Scientific and Industrial Research Organisation's holding in Polynovo Biomaterials acquiring all of the company. The CSIRO will receive 16,325,000 Calzada shares or 4.7 percent of the company and the new share issue will reduce Xceed Capital's 28,840,832 Calzada shares from 8.7 percent to 8.3 percent.

In December 2009, Calzada said it would acquire Xceed's shares in Polynovo, making Xceed the second largest shareholder (BD: Jan 17, 2010).

In 2008, the then Metabolic invested \$3.5 million for 60 percent of Polynovo from Xceed and the CSIRO (BD: Dec 18, 2008).

Calzada chairman David Franklyn said that "the move to 100 percent ownership of Polynovo reflects the confidence that the Calzada board has in the commercial potential of this business".

"The objective is to remain focused and to progress the key licence agreements, alliances and joint ventures within the business," Mr Franklyn said.

Calzada said Mr Franklyn would assume the role of part-time executive chairman with responsibility for implementing the strategic plans of the group and liaising with investment markets and media.

Polynovo's acting chief executive officer Laurent Fossaert has been appointed as chief executive officer.

Calzada said Mr Fossaert was responsible for taking the business "to a more commercial emphasis following the move to the new facility in Port Melbourne ... [and had] made sound progress on key licence agreements and joint ventures including securing additional highly prospective alliances".

The company said director David Kenley would retire from the Calzada board to be the chief executive officer of 100 percent subsidiary Metabolic Pharmaceuticals Pty Ltd, which holds all of Calzada's remaining drug development assets, primarily focused on several applications of AOD9604.

AOD9604 is a compound believed to have some degree of efficacy in weight reduction for obese patients who were non-compliant with US Food and Drug Administration clinical trial diet and exercise regimes

In February 2007, AOD9604 failed to meet its phase IIb obesity trial endpoints (BD: Feb 21, 2007).

Also in 2007 Metabolic shelved development of its lead drug candidate ACV1 for neuropathic pain (BD: Aug 14, 2007).

In 2009 Phosphagenics signed a collaborative research and option agreement with Metabolic for AOD9604, this time as a transdermal cosmetic compound (BD: Aug 13, 2009).

Metabolic was also investigating the compound's potential for osteoporosis.

Calzada said Mr Kenley was one of the founders of Metabolic and an executive until 2005, with "a solid knowledge of the AOD 9604 intellectual property and has developed and implemented the company's out-licencing strategy over the last nine months".

Calzada has appointed Polynovo's first chairman and Bruce Rathie as a director. Mr Rathie was CSIRO's representative on the Polynovo board.

Calzada said Mr Rathie had a depth knowledge of Polynovo and was an experienced company director with expertise in the legal, financial and investment banking arenas.

The company said Mr Rathie had significant exposure to the biotechnology and medical device sectors as well as other industries.

Calzada was up 0.3 cents or 11.1 percent to three cents.

Xceed was unchanged at 1.4 cents.

AGENIX

Agenix says it is continuing attempts to recover some of the said \$3.79 million stolen by former chief executive officer Neil Leggett.

Formerly Agenix CEO, chief financial officer and company secretary from 2003 to 2008 Mr Leggett was sentenced to nine years gaol with a minimum parole period of three years yesterday in the Brisbane District Court (BD: Feb 18, 2010).

Agenix said Mr Leggett stole a gross amount of \$5.56 million from Agenix between 2006 and 2007, but repaid amounts so the total net theft was \$3.79 million which was detected following his departure in 2008.

The company said it commenced litigation to injunct his assets which resulted in Mr Leggett entering into voluntary bankruptcy, together with his wife, and voluntarily winding-up his family trust.

Agenix said the trustees of the Leggett's joint bankrupt estates had continued to pursue recovery of funds from the family superannuation fund, which was listed for trial on May 17, 2010.

Agenix said there was "no present basis for speculating on the quantum and likelihood of recovering any funds additional to the \$520,000 already recouped under the company's insurance policy" but the company would continue to take steps to mitigate the loss.

Agenix is in a suspension and last traded at 1.7 cents.

FERMISCAN

Fermiscan's administrator Woodgate & Co's Giles Geoffrey Woodgate says a creditors meeting resolved to "obtain value from the company's 'shell'".

Mr Woodgate said creditors resolved that Fermiscan Pty Ltd, Fermiscan Australia and Fiberscan Pty Ltd be wound-up.

Fermiscan failed to advance Prof Veronica James's hair x-ray diffraction test for breast cancer and also failed to complete a proposed merger with Polartechnics (BD: Jul 16, 2009) which contributed to Polartechnics going into voluntary liquidation (BD: Jul 31, 2009).

There have been expressions of interest in the intellectual property around the breast cancer test.

Woodgate partner Richard Rowley told Biotech Daily that a "prospective purchase has been identified and negotiations are continuing".

Fermiscan's managing director David Young resigned after the merger failed and the company was then run by major shareholder and executive Leon Carr.

The company ultimately lost a long running legal battle against Prof James and faced greater legal costs than it had cash in the bank (BD: Nov 11, 2009). Fermiscan also bought and sold the Sydney Breast Clinic for a \$4.5 million loss (BD: Oct 2, 2009).

Mr Carr told Biotech Daily that he would appeal the findings of New South Wales Supreme Court Justice Robert McDougall who found in a matter relating to other companies that Mr Carr "committed numerous breaches of the law" and referred the matter to the Australian Securities and Investments Commission for further action (BD: Dec 16, 17, 2009).

Fermiscan is in a suspension and last traded at three cents.

CATHRX

Cathrx says chief executive officer Jeffrey Goodman will be paid a fixed remuneration of \$250,000 a year with 1,000,000 options as a long term incentive.

Cathrx fell two cents or 7.4 percent to 25 cents.

PHARMAUST

Peter Vassileff directly and through several companies has reduced his substantial holding in Pharmaust from 50,008,069 shares (19.65%) to 38,607,323 shares (15.16%). Mr Vassileff of Mosman Park Western Australia along with Ashwild Pty Ltd, Peter Vassileff ATF Pitch Investments, Pinebrook Nominees, Silktree Investments Pty Ltd and Silktree Investments ATF Peter Vassileff Superannuation Fund sold the shares between February 16 and 18, 2010.

Mr Vassileff has been a long term major shareholder in the company.

He did not disclose the sale price on the substantial shareholder form to the ASX.

Pharmaust was unchanged at four cents.