



# Biotech Daily

Friday July 30, 2010

*Daily news on ASX-listed biotechnology companies*

- \* **ASX, BIOTECH DOWN: ALCHEMIA UP 12.5%; NOVOGEN DOWN 6.25%**
- \* **CHIEF MEDICAL OFFICER WARNS AGAINST CSL 'FLU VACCINE**
- \* **CALZADA SPINS METABOLIC FAT DRUG INTO ATOS SHELL FOR \$500k**
- \* **NUSEP TO BUY BACK SMALL HOLDINGS AFTER COMPANY RESULTS**
- \* **BIOTECH DAILY APPENDIX 4C QUARTERLY REPORTS**
- \* **PHYLOGICA HAS ONE QUARTER CASH**
- \* **IMUGENE HAS ONE QUARTER CASH; TAX REBATE**
- \* **BIOPROSPECT HAS ONE QUARTER CASH; CONVERTIBLE NOTE**
- \* **STIRLING HAS ONE QUARTER CASH, PENDING 'MEZZANINE FUNDING'**
- \* **CIRCADIAN RELEASES 2.6m ESCROW SHARES**
- \* **STIRLING REQUESTS TELEMEDCARE ACQUISITION TRADING HALT**
- \* **ITL LOSES CFO ANGELO TSAGARAKIS**
- \* **SOLAGRAN SILENT ON BIOPROSPECT DISPUTE ALLEGATIONS**

## MARKET REPORT

The Australian stock market fell 0.68 percent on Friday July 30, 2010 with the S&P ASX 200 down 30.6 points to 4493.5 points. Twelve of the Biotech Daily Top 40 stocks were up, 14 fell, seven traded unchanged and seven were untraded.

Alchemia was best, up six cents or 12.5 percent to 54 cents with 289,302 shares traded, followed by Bionomics up 6.7 percent to 32 cents with 30,500 shares traded. Patrys and Virax climbed more than four percent; Prana was up 3.85 percent; Tissue Therapies rose 2.8 percent; with Chemgenex, Mesoblast and Nanosonics up more than one percent.

Novogen led the falls, down one cent or 6.25 percent to 15 cents with 91,000 shares traded. Antisense, Psivida and QRX lost more than five percent; Living Cell and Phosphagenics fell more than four percent; Optiscan and Sunshine Heart were down more than three percent; with Biota, Prima, Universal Biosensors and Viralytics down more than two percent.

## CSL

Australia's chief medical officer Prof Jim Bishop says CSL's seasonal influenza vaccine should not be used on children under that age of five years.

A spokeswoman for Prof Bishop told Biotech Daily that there were more febrile convulsion events with CSL's influenza vaccine compared to its competitors.

"Continued close monitoring of side effects with this year's seasonal flu vaccine in children under five years of age has shown that the higher than usual occurrence of fever and febrile convulsions appears to be confined to the vaccine Fluvax, manufactured by CSL so parents can now seek advice from their doctor to use other brands on the market if they want their young children vaccinated," Prof Bishop said.

CSL's head of communication Sharon McHale told Biotech Daily that there was a nine in 1,000 incidence of febrile convulsions, compared to the more usual one in 1,000 rate.

CSL was up 14 cents or 0.4 percent to \$33.14.

## CALZADA, ATOS WELLBEING

Calzada will invest \$500,000 to place its Metabolic assets into the listed shell company Atos Wellbeing.

Calzada was formerly named Metabolic and was acquired last year by Entrust Funds Management under the direction of David Franklyn who became the company's executive chairman (BD: Apr 20, 2009).

Metabolic was left with \$16 million in cash after trials showed that in terms of efficacy its two lead compounds were not statistically significant (BD: Feb 21, Aug 14, 2007).

Metabolic eventually acquired Polynovo from Xceed Capital and the Commonwealth Scientific and Industrial Research Organisation (BD: Dec 18, 19, 2008).

Mr Franklyn told Biotech Daily today that Atos was in a suspension and Calzada was effectively acquiring a shell company that had some assets and some cash.

He said Calzada's licence arrangement with Phosphagenics for the former Metabolic fat drug AOD9604 would be transferred to Atos (BD: Aug 13, 2009).

AOD9604 has consistently failed to demonstrate any significant ability to reduce obesity, despite some evidence of efficacy in patients who did not comply with US Food and Drug Administration requirements for diet and exercise (BD: Feb 21, 2007).

Recently there have been claims that a counterfeit Chinese version of the drug was efficacious when injected directly into the fat tissue of bodybuilders.

Calzada said in a notice to the ASX that it would be issued with 160 million new Atos shares at 1.85 cents per share valued at about \$2.96 million and 30 million Atos options with an exercise price of two cents, expiring three years from the completion date and would then hold 50 percent of Atos.

On completion, the Atos board would comprise chairman Jitto Arulampalam, managing director David Kenley and Mr Franklyn.

Calzada said the transaction was subject to a number of conditions, including completion of satisfactory due diligence enquiries, the lifting of the suspension of Atos shares and Atos shareholder approval.

Mr Franklyn said that Metabolic's drug development assets "have significant upside potential, with this transaction placing those assets in a focused vehicle with capital dedicated to proving up the commercial potential of the drug".

"Calzada will have a significant shareholding in ATOS thereby retaining upside exposure for its shareholders," Mr Franklyn said.

Calzada fell 0.3 cents or 10.7 percent to 2.5 cents.

Atos last traded at 1.8 cents.

## [NUSEP](#)

Nusep says it will buy back of the shares of investors who hold shares with a value of less than \$100 on August 23, 2010.

Nusep director John Manusu told Biotech Daily that the company would release its results for the 2009-'10 financial year on August 16, 2010 and shareholders could make their decision on the basis of those results.

Nusep said it had about 1,170 investors with holdings of less than \$100, which is defined as a small holding under the company's constitution and they held about 116,000 shares or less than 0.2 percent of its issued capital.

The company said the buy-back would reduce its costs.

NuSep will buy the shares back at 22 cents a share which was a premium above the last market price at which Nusep shares traded on July 27, 2010.

Nusep said that when the buy back was completed, it would have about 800 shareholders and the top 20 shareholders would hold about 66 percent of the issued share capital.

Nusep was untraded at 19.5 cents.

## [BIOTECH DAILY APPENDIX 4C REPORTS](#)

Biotech Daily reports all the significant announcements to the ASX. Companies bleeding money is not news, unless the company involved has less than two quarters of cash.

When companies clearly explain that they have equity draw-down facilities or loans or are about to have a capital raising, Biotech Daily will not report their Appendix 4C statement.

Where there is no explanation or it is not clear and the company has less than six months of cash reserves, it will be reported, as will maiden revenues or profits.

Companies reporting after the close of business will be dealt with in the following edition.

**David Langsam  
Editor**

## [PHYLOGICA](#)

Phylogica says its net operating cash burn for the three months to June 30, 2010 was \$1,073,000 with cash at the end of the quarter of \$1,286,000.

Phylogica provided no further information.

Phylogica was untraded at 7.5 cents.

## [IMUGENE](#)

Imugene says its net operating cash burn for the three months to June 30, 2010 was \$469,000 with cash at the end of the quarter of \$793,000.

Imugene said it was expecting a tax rebate of \$290,000 in the coming three months.

Imugene was unchanged at 5.1 cents

## [BIOPROSPECT](#)

Bioprospect says its net operating cash burn for the three months to June 30, 2010 was \$712,000 with cash at the end of the quarter of \$739,000.

Bioprospect said it had higher than usual research and development expenditure and had "a draw down facility of around \$700,000 from a broker who will be underwriting a rights issue that the company is reviewing for implementation within the next two months".

Bioprospect was unchanged at 1.4 cents with 1.8 million shares traded.

### STIRLING PRODUCTS

Stirling says its net operating cash burn for the three months to June 30, 2010 was \$469,000 with cash at the end of the quarter of \$254,000.

Stirling said it had "a mezzanine funding facility of \$1,200,000 pending finalization of major funding initiatives that are under consideration".

Stirling was untraded at 1.1 cents.

### CIRCADIAN TECHNOLOGIES

Circadian will release 2,558,716 shares from escrow on August 14, 2010.

Circadian said the shares were owned by the Ludwig Institute for Cancer Research and the University of Helsinki's commercial arm Licentia, the developers of the vascular endothelial growth factor (VEGF) technology which it acquired (BD: May 1, 2006; Apr 2, 2007; Jun 11, 2008).

Circadian said it had a total of 45,241,928 shares on offer and there were no outstanding restricted shares.

Circadian was unchanged at 60 cents.

### STIRLING PRODUCTS

Stirling has requested a trading halt pending an announcement "in relation to the acquisition of a controlling interest in Telemedcare Holdings".

Stirling announced the acquisition last week (BD: Jul 22, 2010).

Trading will resume on August 3, 2010 or on an earlier announcement.

Stirling last traded at 1.1 cents.

### ITL

ITL says Angelo Tsagarakis has resigned as chief financial officer effective from August 24, 2010.

ITL said it had begun a search to find a new chief financial officer.

ITL was untraded at 7.7 cents.

### BIOPROSPECT, SOLAGRAN

Biotech Daily has called Solagran several times for a response to the allegations by its partner Bioprospect, but at the time of publication had no response.

Yesterday, Bioprospect alleged that Solagran was in breach of their development agreement (BD: Jul 30, 2010).

Bioprospect was unchanged at 1.4 cents with 1.8 million shares traded.

Solagran was unchanged at 18.5 cents.