



Biotech Daily

Friday June 4, 2010

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH DOWN: IMPEDIMED UP 11%, CATHRX DOWN 11%**
- * **ADVANCED SURGICAL 'S 1st PATIENT LEG SAVED, LEAVES HOSPITAL**
- * **AGENIX FILES ACCOUNTS AHEAD OF AGM, ASX RELISTING**
- * **COCHLEAR SETTLES UNDISCLOSED US LEGAL MATTER FOR \$1.1m**
- * **FEDERAL INTERNATIONAL LINKAGES \$440k FOR 69 PROJECTS**
- * **IM MEDICAL REQUESTS 'SIGNIFICANT NEGOTIATIONS' TRADING HALT**
- * **ALL BIOPROSPECT VOTES PASSED BY SAME MARGIN**

MARKET REPORT

The Australian stock market fell 0.8 percent on Friday June 4, 2010 with the S&P ASX 200 down 36.6 points to 4449.4 points.

Eleven of the Biotech Daily Top 40 stocks were up, 16 fell, eight traded unchanged and five were untraded.

Impedimed was best, up 6.5 cents or 11.2 percent to 64.5 cents with 140,200 shares traded.

Living Cell and Prana climbed more than six percent; Genetic Technologies and Sirtex were up more than five percent; Phosphagenics was up 3.5 percent; CSL and Heartware rose more than two percent; with Acrux, Cellestis, Resmed and Universal Biosensors up more than one percent.

Yesterday's best, Cathrx, retreated 2.5 cents or 11.1 percent to 20 cents with 157,714 shares traded, followed by the next best, Novogen down 10 percent to 22.5 cents.

Antisense, Phylogica and Viralytics lost more than six percent; Circadian fell five percent; Patrys fell 4.2 percent; Mesoblast was down 3.2 percent; Clinuvel, Sunshine Heart and Tissue Therapies shed two percent or more; with Alchemia, Bionomics, Pharmaxis and Virax down more than one percent.

ADVANCED SURGICAL DESIGN AND MANUFACTURE

Advanced Surgical says the first patient in its clinical trial of its peripheral access device (PAD) for advanced peripheral vascular disease has been discharged from hospital.

Advanced Surgical said that advanced peripheral vascular disease often resulted in gangrene leading to amputation of the leg.

The company said the treatment involved a large bore tube attached to the femoral artery and pumping the patient's own blood into the leg at higher than usual pressure and flow aimed at improving the circulation in threatened limbs to avoid amputation.

Advanced Surgical said that about 10 legs were amputated each day in Australia as a consequence of vascular disease usually caused by diabetes and smoking and this first patient would have otherwise had his leg amputated above the knee.

The company said the patient was "without pain and his leg ulcers are healing".

The operating surgeon Prof Rod Lane said that success in this patient was "amazing as he was an extremely severe case of peripheral vascular disease with extensive ulcers and had already lost half of his foot to gangrene".

Advanced Surgical said the patient would undergo rehabilitation to restore his mobility and lifestyle.

Recruitment for the trial, which will run over the course of the next year, continues and patients are expected to commence treatment in the near future.

Advanced Surgical's chief executive officer Dr Greg Roger told Biotech Daily that the trial was "approved for 40 patients, however if results are better than 50 percent for the first 16 the bio-statistician said the results would be sufficiently compelling to submit".

The company said in its media release to the ASX that the trial would test the effectiveness of the treatment in preventing amputation, as well as establish clinical evidence for class III Conformité Européenne (CE) mark approval.

Advanced Surgical said the device already had class IIa CE mark approval for its use in isolated organ treatment of cancers.

Dr Roger CEO & Managing Director of ASDM said, "The potential for this treatment is incredible on several levels. Firstly, these patients are relieved of terrible pain, not to mention the suffering as a result of limb amputation. Secondly, this treatment will potentially save the health budget millions of dollars in costs of ongoing care and the costs of amputation. Finally, the successful commercialisation of this device will result in a significant return for investors in ASDM."

Advanced Surgical was up two cents or 6.1 percent to 35 cents.

AGENIX

Agenix has lodged a raft of documents with the ASX in preparation for a return to share trading.

Agenix company secretary Jeffrey Luckins told Biotech Daily that the documents bring the company up to date with all financial reporting requirements.

The reports include half-yearly, preliminary and annual financial reports up to December 31, 2009.

Mr Luckins said that Agenix was "on-track to return to trading following our annual general meeting in July".

Agenix has been in a suspension following the failure of its takeover of two Chinese companies and the theft of about \$4 million by former chief executive officer Neil Leggett (BD: Feb 18, 2010).

Agenix last traded at 1.7 cents.

COCHLEAR

Cochlear says its US subsidiary, Cochlear Americas, has settled a partly disclosed legal matter dating back to 1998 with US authorities by paying \$US950,000 (\$A1,124,531).

Cochlear said the payment would be to the US Department of Justice and Offices of Inspector General of the US Department of Health and Human Services.

Cochlear said its US subsidiary “specifically disputes and denies the factual and legal allegations in relation to sales programs and other conduct alleged to have occurred from 1998 to 2003 in the US”.

“However, in order to avoid ongoing legal fees and the uncertainty and expense of litigation, the parties have now agreed to resolve the matter,” Cochlear said.

Cochlear’s chief executive officer Dr Chris Roberts told Biotech Daily by email from Europe that the investigation began in 2004.

Dr Roberts was appointed chief executive officer replacing Jack O’Mahony, from February 1, 2004.

Dr Roberts attached the March 11, 2004 media release referring to the issue which said that Cochlear Americas was subject to an inquiry under Federal health care laws in the US that deal with the Medicare and Medicaid programs, including some with potential criminal sanctions.

“The request seeks a variety of documents including those concerning Cochlear Americas’ relationships with healthcare professionals,” Cochlear said at that time.

The company said the US Department of Justice made no specific allegations, but the company was taking the issue “very seriously”.

“Contact has been made with DOJ officials to express our intent to cooperate fully with this request,” Cochlear said in 2004. “It is estimated that document gathering could take four to six months. In addition, we are initiating our own investigation into this matter”.

Cochlear said it had engaged a nationally recognized law firm with specialized expertise in US healthcare law and the costs associated with the inquiry would be material and could not be quantified at this point.

Dr Roberts said at that time that it was “a serious matter and we will be cooperating fully with the relevant authorities”.

In its 2005 annual report filed to the ASX on September 19, 2005, Cochlear did not disclose the allegations and the issue was dealt with in presentations and shareholder questions but not reported to the ASX.

“In the directors’ opinion, disclosure of any further information of the above matter would be prejudicial to the interests of the company,” the annual report said.

Today, Cochlear said that all costs related to the initial Department of Justice inquiry and associated legal costs were originally provided for in 2004.

The amount of this provision as at December 31, 2009 fully covered the settlement amount agreed today, Cochlear said.

Cochlear fell 17 cents or 0.2 percent to \$74.82.

IM MEDICAL

After the market closed, IM Medical requested a trading halt “pending the release of an announcement concerning negotiations which are significant to the company”.

Trading will resume on June 8, 2010 or on an earlier announcement.

IM Medical last traded unchanged at 0.2 cents with 68.5 million shares traded.

FEDERAL GOVERNMENT'S INTERNATIONAL SCIENCE LINKAGES

Innovation Minister Senator Kim Carr says 69 international research collaborations would share Federal Government funding worth \$440,000.

In May, the Federal Government said the International Science Linkages program funding would run out on June 30, 2011.

The International Science Linkages program is unrelated to the Australian Research Council Linkages program.

A spokeswoman for Senator Carr said the International Science Linkages program "will continue in 2010-'11 and will expend just over \$12 million to support international scientific cooperation".

"An evaluation of the ... program is being undertaken with a report due around October 2010," the spokeswoman said.

"The evaluation will inform future models of government support for international science and research collaboration," she said.

A media release from Senator Carr said that "octopus venom research leading to potential new pain and cancer treatments and a study to improve stroke treatments are among 69 overseas research collaborations to share Rudd Government funding totaling \$440,000".

"The Australian Government's International Science Linkages program enables Australian researchers to participate in work on some of the great global challenges in North America, Europe and Asia," Senator Carr said.

"The grants help Australian scientists to access the latest technologies and research infrastructure," Senator Carr said.

"International science collaboration is a key priority for the Australian Government because global challenges require global solutions," Senator Carr said.

The Minister's media release said the projects were selected by the Australian Academy of Science and included work on the molecular causes of stroke, octopus and cuttlefish venom in rare species that may lead to new drugs to treat pain, allergies and cancer; and the ecology of plankton and the use of molecular tools in aquatic ecosystems.

The Department of Innovation media release said that a complete list of projects was at [www.science.org.au/internat/SAP-participants-2010-11\(Round2\).html](http://www.science.org.au/internat/SAP-participants-2010-11(Round2).html).

BIOPROSPECT, SOLAGRAN

Bioprospect says all five extraordinary general meeting resolutions relating to the issue of 66,108,571 shares were passed by identical margins.

The resolutions included the issue and ratification of the issue of 22,500,000 shares and options to Solagran.

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

All five resolutions were easily passed with 25,055,591 proxy votes in favor, 744,166 proxy votes against, no abstentions and 56,043,401 proxy votes at the proxies' discretion. Bioprospect fell 0.1 cents or 5.3 percent to 1.8 cents.

Solagran was up one cent or 7.1 percent to 15 cents.