



Biotech Daily

Tuesday November 2, 2010

Daily news on ASX-listed biotechnology companies

- * **ASX FLAT, BIOTECH UP: PATRYS UP 10%; IMPEDIMED DOWN 6%**
- * **CBIO EXPECTS TO RAISE ALL OF HOPED FOR \$9.3m**
- * **MEDIMMUNE PAYS PHYLOGICA \$1m AS EVALUATION BEGINS**
- * **CHEMGENEX RECEIVES \$245k OBAMACARE TAX CREDIT PAYMENT**
- * **SOLAGRAN QUILTS BIOPROSPECT**
- * **STIRLING VOTES TO ISSUE 1,616m SHARES**

MARKET REPORT

The Australian stock market edged up 0.06 percent on Tuesday November 2, 2010 with the S&P ASX 200 up 2.9 points to 4701.4 points.

Thirteen of the Biotech Daily Top 40 stocks were up, 11 fell, six traded unchanged and 10 were untraded.

Patrys was best, up one cent or 10 percent to 11 cents with 711,603 shares traded, followed by Benitec up 5.4 percent to 3.9 cents with 563,000 shares traded.

Phosphagenics climbed 4.2 percent; Chemgenex, Mesoblast and Virax were up more than three percent; Phylogica and QRX rose two percent or more; with Acrux, Heartware, Nanosonics and Pharmaxis up more than one percent.

Impedimed led the falls, down 5.5 cents or 6.5 percent to 79.5 cents with 47,203 shares traded, followed by Cellmid down five percent to 1.9 cents with 200,000 shares traded.

Prana and Resmed lost four percent; Universal Biosensors and Viralytics shed more than two percent; with Bionomics, Cathrx, Cellestis and Tissue Therapies down more than one percent.

CBIO

CBio says it has raised \$5.08 million of the hoped for \$9.3 million in its five-for-seven rights issue at 16 cents a share, but expects to place all shortfall shares.

When announced, chairman Stephen Jones said CBio had commitments for \$8.4 million from Baker Young, Empire Funds Management and PT Equities (BD: Sep 27, 2010).

Today, CBio said current shareholders had taken up 54 percent of the rights issue from entitlements and approved applications above their entitlements.

CBio said the shortfall commitments meant the company would raise the total \$9.3 million and have the funds needed to complete the current phase IIa rheumatoid arthritis trial.

The company said it had completed recruitment of patients into the trial, with final study reports from the trial expected to be received by July 2011.

CBio was up half a cent or 2.6 percent to 20 cents.

PHYLOGICA

Phylogica says Medimmune has paid a milestone of \$US1,125,000 (\$A1,127,900) and the work had begun to evaluate its Phylomer peptide library for novel antimicrobial peptides.

Phylogica said it had received the payment under the August 2010 evaluation agreement and a further payment of \$US375,000 was expected in January 2011 for committed research funding (BD: Aug 5, 16, 18, 2010).

The company said the agreement with Astrazeneca's biologics unit Medimmune established a plan for collaborative discovery between the companies, with potential development and commercialization of resulting novel antibiotics by Medimmune.

Phylogica said collaboration would use its Phylomer libraries and high-throughput screening capabilities to identify drug candidates with potent activity against the gram-negative bacterium, *Pseudomonas aeruginosa*, a highly prevalent, opportunistic pathogen was "one of the most common causes of hospital-acquired infections".

Phylogica said further development, regulatory and commercial milestone payments would be received by subject to pre-clinical, clinical, regulatory and sales milestones.

Phylogica said there was "no certainty that these milestones will be achieved or that the agreement will not be terminated prior to those milestones being achieved".

Phylogica said the existing rights to its internal program of antimicrobial Phylomer peptides directed against multi-resistant bacteria were retained by the company under the Medimmune agreement.

Phylogica was up 0.1 cents or two cents to 5.1 cents.

CHEMGENEX PHARMACEUTICALS

Chemgenex says its US subsidiary has been awarded a \$US244,479 (\$A245,093) grant and tax credit.

Chemgenex said the funds were awarded "under the auspices of the Qualifying Therapeutic Discovery Project, a grant and tax credit scheme operated by the US Internal Revenue Service as part of the US Health Care Reform Bill of 2010 to foster medical, life science and biological innovation in the US.

Chemgenex said the grant system was open to eligible US biotechnology companies including its US subsidiary.

Chemgenex chief operating officer James Campbell told Biotech Daily that under the program the company had the choice of taking a cash grant or a tax credit and had elected for the cash grant.

Chemgenex was up two cents or 3.8 percent to 55 cents.

BIOPROSPECT, SOLAGRAN

Solagran has ceased its substantial holding in Bioprospect.

Solagran said it sold 45,000,000 shares for \$324,000 or an average price of 0.72 cents a share in an off-market transfer.

In September, Bioprospect won a Federal Court of Western Australia injunction to prevent Solagran selling the shares, acquired in a joint development agreement in 2007 (BD: Aug 23, 2007; Jun 28, Jul 8, Sep 7, 2010).

Last week, the two companies agreed to settle their differences through mediation rather and ended the court proceedings (BD: Oct 27, 2010).

A separate case between former Bioprospect director Leo Khouri and Solagran is continuing (BD: Aug 26, Sep 17, 2010).

Bioprospect was untraded at 0.9 cents.

Solagran fell half a cent or 3.85 percent to 12.5 cents.

STIRLING PRODUCTS

Stirling shareholders will vote to issue up to 1,616,657,716 shares to cover placements, acquisitions, convertible notes and working capital.

In its most recent Appendix 3B new issue announcement, Stirling said it had 1,347,653,601 shares on offer.

Stirling said the annual general meeting would vote on the issue of up to 60,000,000 shares at one cent a share for the Telemedcare acquisition and the issue of 264,500,000 shares at one cent a share for the acquisition of 80 percent of Halcion Pty Ltd along with the issue of a further 66,000,000 shares for the remaining 20 percent of Halcion.

The meeting will vote on the approval of 2,100,000 convertible notes and/or the issue of up to 215,833,333 shares as well as 1,800,000 convertible notes and/or the issue of up to 185,000,000 shares.

Stirling shareholders will also vote on the issue of up to 400,000,000 shares for working capital and the approval of an employee 'performance rights' plan.

Stirling will also vote on the prior ratification of 175,324,383 placement shares.

The notice of meeting said that shareholders would vote on a resolution to approve the issue of shares to Global Trading Strategies Pty Ltd or its nominee to take a 19.9 percent stake in Stirling at 0.8 cents a share with one-for-two attaching options exercisable at 0.8 cents by December 31, 2015, equating to up to 250,000,000 shares and 125,000,000 options.

Stirling will vote on the election of Prof Glyn Tonge as a director.

The meeting will be held at the Village Grill, 3 Short Street, Double Bay, Sydney, on November 30, 2010 at 11.30am (AEDT).

Stirling was untraded at 0.9 cents.