



Biotech Daily

Friday October 29, 2010

Daily news on ASX-listed biotechnology companies

- * **ASX DOWN, BIOTECH EVEN:
- IMMURON UP 12%; PHOSPHAGENICS DOWN 8%**
- * **VICTORIAN GOVERNMENT DETAILS \$8m INNOVATION FUNDS**
- * **TAMARA NEWING PLEADS GUILTY TO GENETIC TECH MANIPULATION**
- * **PROGEN SHUTS US OFFICE, DIVESTS CELLGATE ASSETS**
- * **RESMED POSTS RECORD PROFIT \$58m, ON RECORD REVENUE \$289m**
- * **SELECT PLACEMENT RAISES \$500,000**
- * **PRIMA VOTES ON 34.5m DIRECTORS' OPTIONS; PAY POOL 67% RISE**
- * **USCOM HAS LESS THAN TWO QUARTERS CASH; FUNDING**
- * **KARMELSONIX HAS LESS THAN ONE QUARTER CASH**
- * **BIOPROSPECT HAS ONE QUARTER CASH; PLACEMENT, RIGHTS ISSUE**
- * **STIRLING HAS LESS THAN ONE QUARTER CASH; LOANS**

MARKET REPORT

The Australian stock market fell 0.5 percent on Friday October 29, 2010 with the S&P ASX 200 down 23.3 points to 4661.6 points. Fifteen of the Biotech Daily Top 40 were up, 14 fell, seven traded unchanged and four were untraded.

Immuron was best, up 0.9 cents or 11.8 percent to 8.5 cents with 186,719 shares traded, followed by Benitec up 6.25 percent to 3.4 cents with one million shares traded.

Cathrx and Novogen climbed four percent or more; Acrux, Genetic Technologies, Heartware, Patrys and Sunshine Heart were up more than three percent; Optiscan, Psivida, Resmed and Uscom rose more than two percent; with Mesoblast up 1.6 percent.

Phosphagenics led the falls, down one cent or 7.7 percent to 12 cents with 20,000 shares traded, followed by Living Cell down 6.25 percent to 15 cents with 684,932 shares traded.

Clinuvel and Phylogica lost more than five percent; Alchemia fell 4.55 percent; Circadian, Sirtex and Virax were down more than three percent; Pharmaxis shed 2.1 percent; with Bionomics, Nanosonics and Tissue Therapies down more than one percent.

VICTORIA GOVERNMENT

Victoria's Innovation Minister Gavin Jennings has detailed the State Government's \$8 million "Smart SMEs Innovation Commercialization Program" (BD: Oct 19, 2010).

The funding was announced last week at Ausbiotech's Life Science Investment Summit by Premier John Brumby.

Today Mr Jennings said program partners had been engaged under the 'Smart small and medium enterprises innovation commercialization program' to deliver services to "benefit our innovative technology companies to help them grow, drive profits, export their technology and create jobs for Victorians".

Mr Jennings said the program partners offered a range of services that companies could draw on, including building skills and capabilities and facilitating access to finance.

A Victorian Government media release said the programs formed "a comprehensive suite of commercialization support services" including:

a Regional Technology Commercialization Program to assist regional start-up and early stage growth companies develop businesses cases and obtain commercialization funding;

a Global Acceleration Program to assist companies that have a well-developed business case and a sizeable potential export market to become export-ready, and provide assistance and mentoring to develop market entry strategies for the US or China;

a Fast Track program to assist export-ready companies to execute their market entry plans and accelerate their success in China or the US, targeting Victorian companies that develop and/or supply medical technologies, sustainable environment technologies and small technologies;

the Innovation Interchange program to link companies' capabilities to the emerging needs of the global water industry by potentially providing technology-based solutions to the global water industry; and

the Practical Drug Development Program to provide specialist drug development expertise to biotechnology companies developing new pharmaceutical products by placing project managers trained in clinical strategy within the companies to lead and manage drug development programs.

The State Government said that more than 120 Victorian technology small and medium enterprises were expected to benefit from specialized assistance to help them progress along the commercialization pathway towards establishing domestic and global markets for their products.

For more information about the Smart SMEs ICP go to: www.innovation.vic.gov.au.

GENETIC TECHNOLOGIES

The daughter of Genetic Technologies founder Dr Mervyn Jacobson, Tamara Newing, has pleaded guilty to 10 counts of market manipulation.

Ms Newing was originally charged with 353 counts on the same charge (BD: Feb 1, 4, 2010), but an officer of the County Court told Biotech Daily today that Ms Newing pleaded guilty to 10 charges and would be sentenced on January 18, 2011.

The officer said the specific charges were for transactions likely to have the effect of creating an artificial price or maintaining a level that is an artificial price for trading in breach of sections 1041A and 1311 (i) of the Corporations Act.

In March Ms Newing's husband and former Genetic Technologies chief operating officer Geoffrey Newing, 44, was sentenced to 22 months gaol with a minimum of six months on five charges of market manipulation (BD: Mar 18, 2010).

Dr Mervyn Jacobson has pleaded not guilty to 319 counts of market manipulation
Genetic Technologies was up 0.1 cents or 3.85 percent to 2.7 cents.

PROGEN PHARMACEUTICALS

Progen plans to divest its epigenetic and cell proliferation assets and close its Palo Alto, California office.

Progen said it had taken steps to divest its non-core Cellgate assets and the epigenetics technology acquired in 2008 including PG11047, PG11144 and (BD: Feb 4, 7, 2008).

The company said its US office would officially close on October 29, 2010.

Progen said it would continue to develop certain assets in preparation for sale.

Progen said it acquired the Californian oncology company with milestone payments of up to \$US19.5 million payable to Cellgate shareholders in shares and/or cash, with the company's intention to issue shares to cover milestone payments.

Progen said it was a different company at that time with a market capitalization of about \$115 million, making share issues under the 15 percent rule ample to meet any milestone commitments.

The company said that following the \$40 million share buyback in April 2009, Progen's market capitalization was significantly reduced, limiting its ability to meet its milestone commitments in share issues without significantly diluting shareholders' interests and limiting Progen's ability to develop its other drug candidates as well as the Cellgate assets.

The company said a number of staff and contractor positions would be terminated, including Progen's chief scientific officer Dr Laurence Marton who retires effective today.

Progen said it had substantially advanced the PG11047 development program since taking control in February 2008, completing a phase I monotherapy dose-escalation study (BD: Sep 9, 2009) and undertaking a phase Ib study exploring the potential use of PG11047 in combination with other marketed anti-cancer drugs, designed to assess the agent's maximum tolerated dose in combination with these products.

Progen said the completion of the latter trial was expected to maximize the value of these assets as they were packaged into a saleable product.

Progen said it had enrolled 165 of the planned 170 patients to date and expected to complete enrolment by the end of 2010 with clinical study reports by July, 2011.

The company said it had appointed US lawyers and a US investment bank to assist in the preparation and sale of the Cellgate assets.

Progen said it intended to set up a new company with equity or royalties and milestone payments issued to the parties entitled to consideration relating to the Cellgate assets and in return, Progen would extinguish its milestone obligations to those parties, while retaining a significant interest in the new company.

Progen said it would have a new strategic focus on dual mechanism anti-angiogenic compounds, including PG545.

Progen was untraded at 35 cents.

RESMED

Resmed has posted record profit for the three months to September 30, 2010 up 35 percent to \$US56.7 million (\$A58.1 million) on record revenue up 14 percent to \$US282.0 million.

Resmed said that diluted earnings per share for the three months was 36 US cents, an increase of 33 percent compared to three months to September 30, 2009.

Resmed said that research and development expenses were \$US19.7 million for the quarter or seven percent of revenue.

Resmed was up eight cents or 2.4 percent to \$3.41 with 16.7 million shares traded.

SELECT VACCINES

Select Vaccines says it has placed 250,000,000 shares at 0.2 cents a share to raise a total of \$500,000 before costs.

The shares come with 125,000,000 free attaching options exercisable at 0.2 cents per option by July 13, 2013

Select said the issue would be in two tranches with 62,500,000 shares to be issued immediately under the 15 percent rule and 187,500,000 shares to be issued subject to shareholder approval at the annual general meeting in December 2010.

Last week, Select Vaccines said its fully-underwritten rights issue raised \$790,708 of the hoped for \$1,174,612 with the shortfall shares to be placed through Patersons Securities (BD: Oct 22, 2010).

Select was unchanged at 0.4 cents with 5.1 million shares traded.

PRIMA BIOMED

Prima shareholders will vote to issue 34,500,000 options and 1,250,000 shares to directors and increase non-executive directors' remuneration from \$300,000 to \$500,000.

Prima will vote on a series of resolutions providing 1,250,000 shares and 7,500,000 options to director Albert Yue-Ling Wong, 10,000,000 options to chair Lucy Turnbull, 10,000,000 options for chief executive officer Martin Rogers, 5,000,000 options for Dr Richard Hammell and 2,000,000 options for director Dr Neil Frazer.

The directors' options are exercisable at 20 cents within three years pending milestones, except for Dr Frazer's options which are exercisable at 10 cents within four years and compensate for the loss of the same number of employee options.

The meeting will also vote on the prior issue of 25,791,130 shares and 5,158,226 options to Springtree Special Opportunities Fund as well as 2,000,000 to Lost Ark and 191,786 shares to David Young as well as the re-election of directors Ms Turnbull, Dr Hammell, Dr Frazer, Mr Wong and Mr Rogers.

The meeting will be held at the Union Club, 25 Bent Street, Sydney, on November 26, 2010 at 11am (AEDT).

Prima was unchanged at 13 cents with 1.9 million shares traded.

USCOM

Uscom said its net operating cash burn for the three months to September 30, 2010 was \$482,480 with cash at the end of the quarter of \$880,285.

Uscom said it recognized that it would need additional capital to fund its operations and was "formulating its strategy in this regard".

Uscom was up one cent or 2.5 percent to 41 cents.

KARMELSONIX

Karmelsonix says its net operating cash burn for the three months to September 30, 2010 was \$1,307,000 with cash at the end of the quarter of \$884,000.

Karmelsonix provided no further information.

Karmelsonix was untraded at 1.8 cents.

BIOPROSPECT

Bioprospect said its net operating cash burn for the three months to September 30, 2010 was \$618,000 with cash at the end of the quarter of \$547,000.

Bioprospect said it completed a \$370,000 placement on October 20, 2010 and a fully underwritten rights issue to raise \$1.91 million was underway.

Bioprospect was unchanged at one cent with two million shares traded.

STIRLING PRODUCTS

Stirling said its net operating cash burn for the three months to September 30, 2010 was \$1,809,000 with cash at the end of the quarter of \$211,000.

Stirling said it had \$1.2 million in undrawn loan funds and was establishing an additional facility of up to \$2 million.

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