



Biotech Daily

Monday September 8, 2008

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECHS UP: SUNSHINE HEART UP 14%, BONE DOWN 7%**
- * **NASDAQ SENDS PROGEN 'DEFICIENCY NOTICE'**
- * **MERRILL LYNCH & CO TAKES 5.5% OF ARANA**
- * **BRAINZ ACQUIRES AUCKLAND UNISERVICES TECHNOLOGY TITLE**
- * **AUSTRALIAN STEM CELL CENTRE APPOINTES INTERIM BOARD**

MARKET REPORT

The Australian stock market rebounded 3.6 percent on Monday September 8, 2008 with the All Ordinaries up 176.8 points to 5,126.3 points.

Sixteen of the Biotech Daily Top 40 stocks were up, nine fell, six traded unchanged and nine were untraded.

Sunshine Heart was best for the third trading day in a row, up one cent or 14.29 percent to eight cents on small volumes a total rise of 45.45 percent, followed by Mesoblast up 10 cents or 8.81 percent to \$1.235 and Sirtex up 19 cents or 8.64 percent to \$2.39.

Benitec climbed 7.81 percent; Alchemia and Living Cell were up five percent or more; Acrux, Bionomics, Pharmaxis, Polartech and Psivida were up four percent or more; Cochlear and Viralytics were up more than three percent; Cellestis rose 2.28 percent; with Clinuvel, CSL, Neuren, Progen and Resmed up more than one percent.

Bone Medical led the falls, down two cents or 7.14 percent to 26 cents on very small volumes, followed by Impedimed down 6.67 percent to 70 cents.

Antisense and Chemgenex fell more than four percent; Arana, Labtech and Optiscan shed more than two percent; with Avexa and Phylogica down more than one percent.

PROGEN

The Nasdaq Capital Market has sent Progen notice that it has 180 days from September 4, 2008 to improve its share price above the \$US1.00 a share minimum.

The Nasdaq said that for the last 30 consecutive business days prior to September 4, the bid price for the Progen's ordinary shares closed below the minimum \$US1.00 a share requirement for continued inclusion under Nasdaq Marketplace Rule 4320(e)(2)(E)(ii). Progen quoted the Nasdaq letter saying the company has 180 calendar days, or until March 3, 2009, to regain compliance.

To regain compliance with the minimum bid price requirement, Progen's ordinary shares must meet or exceed the \$US1.00 share price for 10 consecutive business days.

Progen chief executive officer Justus Homburg told Biotech Daily there were several ways to remedy the problem including a possible share consolidation "or a number of other things".

He said that independent corporate advisory firm Beerworth and Partners had been appointed to provide corporate advice including merger and acquisition activity but not exclusively for that purposes (see Biotech Daily; August 22, 2008).

Mr Homburg said that Progen had about \$76 million in cash and was trading below its cash value of about \$1.25.

However he said that after allowing for liabilities Progen's share price would be about 85 US cents.

In its media release to the ASX, Progen said the deficiency notice did not immediately affect Progen's Nasdaq listing.

If the company does not regain compliance by March 3, 2009, the Nasdaq will determine whether the company meets its capital market initial listing criteria, except for the bid price requirement.

If it meets the initial listing criteria, the Nasdaq will notify the company that it has been granted an additional 180 calendar days compliance period.

Progen said that if it was not eligible for an additional compliance period, the Nasdaq will provide written confirmation that the company's securities will be delisted from the Nasdaq capital market.

Progen said the rule only applied to its Nasdaq shares and not the Australian Securities Exchange.

About 5.03 million of Progen's total issued capital of 60.47 million shares (8.3%) trade on the Nasdaq.

Progen was up one cent or 1.43 percent to 71 cents.

ARANA

Merrill Lynch & Co Inc has become a substantial shareholder in Arana with a holding of 13,012,078 shares or 5.54 percent of the company.

The notice from the New York based investment bank to the ASX referred to stock lendings and borrowings and the return of previously borrowed stock between April 29 and August 20 2008.

Arana's chief financial officer Niall Henderson told Biotech Daily that to the best of his knowledge no Arana directors were involved in the stock lending.

"It appears to be that partial stock lending and borrowing under the banner of Merrill Lynch," Mr Henderson said.

See Marc Sinatra's comment on margin lending in Biotech Daily of March 31, 2008.

Arana fell 2.5 cents or 2.26 percent to \$1.08.

BRAINZ

Brainz Instruments says it has acquired all right, title and interest relating to the assets covered by the technology transfer deed from Auckland Uniservices.

Brainz said all remaining obligations of either party under the deed have been cancelled including any obligation of Brainz to pay royalties to Uniservices.

Brainz was untraded at 1.5 cents.

AUSTRALIAN STEM CELL CENTRE

Australian Stem Cell Centre says its members appointed an interim board late on Friday September 5, 2008.

The interim board comprises Monash University deputy vice-chancellor Prof Edwina Cornish, University of Queensland deputy vice-chancellor Prof David Siddle and the Howard Florey Institute's head of business development Dr Henry de Azipurua.

The seven member board resigned on September 5, 2008 saying the Centre's stakeholders "had abandoned the preferred model of an independent board, which had operated since 2002, in favor of a board structure which reflects stakeholder interests directly".

The stakeholders are universities and major research institutions (see Biotech Daily; September 5, 2008).

The Centre is funded by the Australian and Victorian Governments and said the interim board would enable the Australian Stem Cell Centre to continue its operations and work closely with the stakeholders and scientists to develop its strategic direction.

Discussions about the appointment an independent chair to work with the interim board and Centre staff are underway.

The Centre has research laboratories at Monash University and the University of Queensland which house the internal research groups and supported by state-of-the-art infrastructure and core services including flow cytometry, human embryonic stem cell culture laboratories, animal services and microscopy.

The Centre said its internal research groups performed research on adult lung stem cells, renal regeneration, developmental biology, human embryonic stem cell technologies, the stem cell niche, stem cell expansion and tissue repair.

The Centre said the majority of the research it supported was performed in the laboratories of key stem cell biologists.

"This collaborative relationship allows the [Centre] to tap into excellence in stem cell biology but also to forge multi-disciplinary teams to take innovative approaches towards stem cell research that may translate into therapeutic outcomes," the Centre said.

The external research portfolio includes researchers at Monash University and the University of Melbourne, Sydney's Victor Chang Cardiac Research Institute and the University of Queensland's Institute for Molecular Bioscience and the Australian Institute for Bioengineering and Nanotechnology and the Mater Medical Research Institute.

The Australian Stem Cell Centre directly funds or provides in-kind support to more than 200 researchers at eight locations involved in more than 20 projects.