



# Biotech Daily

Thursday August 12, 2010

*Daily news on ASX-listed biotechnology companies*

- \* **ASX, BIOTECH DOWN: LBT UP 12.5%; GENETIC TECHNO DOWN 13%**
- \* **NOVEL MODE OF ACTION FOR VIRAX'S VIR201 HIV VACCINE**
- \* **PUNTERS LITTLE PANIC ON RESMED STOCK SPLIT**
- \* **BIOTECH CAPITAL TO ACQUIRE TITAN AND WIND-UP**
- \* **DR JAGMOHANBIR SINGH DILLON REQUISITIONS ITL MEETING**
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- \* **SELECT MOVE TO DEVICES; APPOINTS PAUL BUTLER, DAVID MCAULIFFE**
- \* **GIACONDA TELLS ASX: ASSET SALE WILL GENERATE CASH**
- \* **BIO-MELBOURNE NICHE MARKET BREAKFAST**

## MARKET REPORT

The Australian stock market fell 1.23 percent on Thursday August 12, 2010 with the S&P ASX 200 down 54.6 points to 4400.9 points.

Just seven of the Biotech Daily Top 40 stocks were up, 20 fell, seven traded unchanged and six were untraded. All three Big Caps fell.

LBT was best, up one cent or 12.5 percent to nine cents with 57,693 shares traded followed by Compumedics up 11.5 percent to 14.5 cents with 86,000 shares traded.

Cellmid climbed 5.3 percent; Novogen and Virax were up more than three percent; Phosphagenics rose 2.1 percent; with Heartware up 1.5 percent.

Genetic Technologies led the falls, down half a cent or 12.8 percent to 3.4 cents with 180,000 shares traded, followed by Living Cell down 2.5 cents or 11.9 percent to 18.5 cents with 401,044 shares traded.

Chemgenex, Tissue Therapies and Viralytics lost more than five percent; Prima fell 4.35 percent; Nanosonics was down 3.1 percent; Alchemia, Biota, Genera, Optiscan and Psivida shed two percent or more; with Bionomics, Cellestis, Circadian, CSL, Pharmaxis, Sirtex and Universal Biosensors down more than one percent.

## VIRAX

Virax says a novel immunotherapy mechanism of action for its VIR201 HIV vaccine has been published in the journal, AIDS.

Virax said the paper entitled 'Vaccine-induced IgG2 anti-HIV p24 is associated with control of HIV in patients with a high affinity Fc-gamma-R11a genotype' reported on work by Royal Perth and Fremantle Hospital clinical immunologist Prof Martyn French.

An abstract is at: <http://journals.lww.com/aidsonline/pages/default.aspx>.

The company said the data built on statistically significant data reported in July 2009 which proposed an immune mechanism through which VIR201 potentially exerts an antiviral effect (BD: Jul 22, 2009).

Virax said at that time the data demonstrated that VIR201 vaccination induced an immunoglobulin gamma 2 (IgG2) antibody response against the p24 antigen encoded in the vaccine and such a response was not observed in those receiving a placebo injection. Today, Virax said the new data pinpointed the importance of a particular immune system protein which could aid in identifying patients responsive to VIR201 vaccination.

The company said Prof French's work had shown that the level of IgG2 antibody directed against the HIV protein p24 was elevated in the group that received VIR201 and that this correlated with the patient's ability to suppress HIV viral load.

Virax said that patients who controlled viral load most effectively were those with not only elevated IgG2 antibodies but who also had a particular high affinity form of the protein Fc-gamma-R11a found on antigen presenting cells, which were critical cells in generating immune responses against foreign agents including HIV.

Fc-gamma-R11a proteins were important components of the machinery that performs this function, the company said.

Virax said that as IgG2 antibodies were known to bind to the Fc-gamma-R11a protein, a mechanism of action for the vaccine has been postulated where VIR201 induced higher levels of IgG2 antibodies against HIV proteins and the antibody bound to the Fc-gamma-R11a proteins and activated the immune response, which was then effective in reducing the levels of HIV in the body.

The company said a patent application announcement in December 2009 related to this work and the identification of patients most likely to respond to VIR201 based on the mode of action of VIR201 (BD: Dec 10, 2009).

Virax said that Prof French and his team had previously noted that because of recent high profile failures in the preventative vaccine arena it was important that new strategies for producing immune responses, other than purely T cell-based HIV vaccines approaches were pursued. "This is such a novel mechanism of action," Virax said.

Virax was up 0.3 cents or 3.75 percent to 8.3 cents.

## RESMED

Resmed appeared to fall more than 55.4 percent to \$3.17 in early trade as some investors may have mistaken a share split for a buying and panic-selling opportunity.

In its record profit and revenue notice, Resmed announced a two-for-one stock split, citing a record date of August 18 in Australia and August 17 in the US (BD: Aug 6, 2010).

Yesterday, Resmed specified today, August 12, for existing securities being quoted ex-entitlement and the "bonus" securities being quoted on a deferred settlement basis.

The halving of the share price at the same time as a three percent fall overnight on the Nasdaq has apparently confused some sellers and possibly buyers, sending the share price from last night's close of \$7.12 - well below the split value of \$3.56 to \$3.15.

Resmed traded most of the day around the \$3.50 level closing down three cents or 0.8 percent at \$3.52 with 4.9 million shares traded.

## BIOTECH CAPITAL

Biotech Capital is preparing to wind itself up with a return of capital to shareholders. The company said that it had “carefully considered a range of options for the future investment strategy of BTC and believe that the current portfolio should be liquidated in an orderly manner over the next 18 months with proceeds being returned to shareholders through a combination of dividends and other capital management strategies”.

Biotech Capital said Prof Tony Basten would retire as a director from today reflecting “the decision not to pursue new investments in the life science sector and a focus on disposing of current investments”.

Biotech Capital chairman Kathryn Greiner told Biotech Daily the company would call an extraordinary general meeting to consider liquidation and a return of capital.

Ms Greiner said there would be no fire sale and no rush and the return of capital, if approved by shareholders would be conducted in an orderly manner.

Biotech Capital said it was established in 2000 and managed in a similar fashion to a traditional private equity fund but as an ‘evergreen’ fund it had no formal wind up date.

The company said it was listed on the stock market whereas traditional private equity funds were unlisted and very illiquid during the term of their investment horizon, but running private equity style mandates in a publicly listed entity had several drawbacks.

In particular, the inability to properly communicate the diverse range of holdings and in particular the private investments, results in the share-price trading consistently at a large discount to the underlying asset value, Biotech Capital said.

The company said it had conducted a review of the unlisted investment portfolio and adopted a very conservative provisioning approach recognizing the shorter time-frame to realize these investments under the revised strategy, resulting in an additional general provision of about \$4.6 million and a revised net asset backing of 21.3 cents a share.

Titan Bioventures Management was appointed the investment manager of Biotech Capital in 2004 and the change in investment strategy would effectively result in the termination of this management contract several years early.

Biotech Capital said shareholders would be asked to support a proposal to the extraordinary general meeting for it to acquire Titan and effectively internalize the investment management function.

As proceeds from investments were realized the board proposed to begin paying dividends and returning capital, which might include the in-specie distribution of assets to shareholders.

An initial capital return of 2.0 cents a share was proposed for all shareholders as at record date to be announced and subject to ASX agreement if required.

Biotech Capital was up 2.5 cents 16.1 percent to 18 cents.

## ITL

ITL says a meeting has been requisitioned to consider the election of Dr Jagmohanbir Singh Dillon as a director.

The company said it would comply with the requisition.

ITL was unchanged at six cents.

## HATCHTECH

Last night’s first edition article on Hatchtech concluded with the sentence that it was a public unlisted company when in fact it is private company.

The sub-editor has been scratched.

## SELECT VACCINES

Select Vaccines says that following the suspension of its vaccine program it is pursuing “an attractive opportunity in the medical device sector” and has appointed two directors. Select Vaccines said the discussions remained confidential and incomplete, and if concluded satisfactorily, would be subject to a number of conditions, including the completion of due diligence, board and shareholder approvals and potentially a capital raising to recapitalize the company.

Select Vaccines said that it had appointed former Uscom chief executive officer Paul Butler as a consultant chief executive officer and intended to appoint former Neurodiscovery executive director David McAuliffe as a director.

Select Vaccines said Mr Butler had senior management roles at Australian Electronic Manufacturing Services and NCR Australia and holds a Bachelor of Economics degree and an Electrical Engineering Certificate.

The company said Mr McAuliffe was a founding syndicate investor in French biotechnology company Anaconda Pharma, was involved in the establishment of Polynovo Biomaterials (now part of Calzada), was with Xceed Biotechnology and Psimedica which became Psivida and was a director of Kancer, Living Cell Technologies and the Western Australian Chemistry Centre and has a Bachelor of Law and a Bachelor of Pharmacy.

Select Vaccines said Mr McAuliffe would will join the board “subject to confirmation of a suitable transaction in accordance with Select’s revitalization strategy and the completion of any proposed capital raising”.

Select Vaccines was up 0.2 cents or 66.7 percent to half a cent.

## GIACONDA

Giaconda has told the ASX that the sale of three assets to Red Hill Biopharma for \$US500,000 and a seven percent sales royalty would generate cash for operations.

In its Appendix 4C quarterly report Giaconda said its net operating cash burn for the three months to June 30, 2010 was \$59,000 with cash at the end of the quarter of \$17,000 but provided no further information (BD: Aug 2, 2010)

Today the company referred to the June 16, 2010 announcement and said it expected the transaction to conclude “within the next few weeks”

Giaconda was unchanged at three cents.

## PATRY'S

Patry's has appointed Dr Marie Roskrow as chief medical officer and president of the company managing its clinical development.

Patry's said the appointment was timely as it had received approval for a first-in-human clinical trial for lead product PAT-SM6 for melanoma, to start “imminently”.

The company said Dr Roskrow would also manage the advancement of additional Patry's products into and through clinical development.

Patry's said that Dr Roskrow would work closely with chief executive officer Dan Devine on corporate strategy and global business development activities.

Patry's said Dr Roskrow had significant healthcare investment banking experience and an extensive professional network within the drug development industry.

The company said Dr Roskrow held Bachelors Degree in Medicine and Surgery and a PhD in Medicine from the University of London.

Patry's was unchanged at 10.5 cents.

## BIO-MELBOURNE NETWORK

The Bio-Melbourne Network will discuss the challenges and benefits of working in the areas of niche and neglected diseases at its August 17, 2010 Bio-Breakfast.

The Network said the Bio-Breakfast would include participants from the International Congress of Parasitology conference being held in Melbourne August 15-20, 2010.

The Network said Pfizer Animal Health senior principal scientist Dr Debra Woods specialized in drug development in animal parasitology and would discuss the return on investment that pharmaceutical companies expect from the development of niche drugs and the reasons behind that support.

The Network said that London School of Hygiene and Tropical Medicine professor of parasitology Prof Simon Croft would present on attracting funding for drug identification, development and clinical trials in neglected disease areas and whether government funding and philanthropy were the only options.

The Network said that Pharmaust subsidiary Epichem had "a significant involvement in neglected parasitic diseases" and Epichem's managing director Dr Wayne Best would talk about the company's business model and the important role neglected diseases has played in its success.

The chair of the outreach program working group for the International Congress of Parasitology conference is Victoria co-chief scientist Dr Graham Mitchell who will chair the breakfast.

Registrations for the August 17, 2010 Bio-Breakfast is from 7.15am with presentations from 8am.

The Bio-Breakfast will be held at the Supper Room, Melbourne town Hall, Swanston Street, Melbourne.

For more information, go to: <http://www.biomelbourne.org/events/view/140>.

More information on the International Congress of Parasitology conference is available at: <http://www.icopaxii.org>.