



# Biotech Daily

Thursday April 14, 2011

*Daily news on ASX-listed biotechnology companies*

- \* **ASX DOWN, BIOTECH UP: QRX UP 11%; CELLMID DOWN 18%**
- \* **SHAREHOLDERS MAY HAVE THE NUMBERS TO STOP CELLESTIS SALE**
- \* **GENETIC TECHNOLOGIES LICENCE WITH VIENNALAB DIAGNOSTICS**
- \* **BIONOMICS PLEADS SCHULTZ, GOOD NEWS TO ASX 42% PRICE QUERY**
- \* **US PATENT FOR QRX'S MOXDUO**
- \* **BRAIN TRADES ON US OTC MARKET**

## MARKET REPORT

The Australian stock market fell 0.55 percent on Thursday April 14, 2011 with the S&P ASX 200 down 26.8 points to 4884.2 points.

Seventeen of the Biotech Daily Top 40 stocks were up, 10 fell, 10 traded unchanged and three were untraded.

QRX was best, up 17 cents or 10.6 percent to \$1.77 with 184,892 shares traded.

Bionomics, Living Cell and Sunshine Heart climbed more than nine percent; Patrys was up eight percent; Uscom was up 7.1 percent; Chemgenex was up 5.8 percent; Pharmaxis was up more than four percent; LBT was up 3.6 percent; Cathrx rose 2.5 percent; with Nanosonics and Universal Biosensors up more than one percent.

For the third trading day in a row, yesterday's best, this time Cellmid, led the falls, down 0.7 cents or 17.95 percent to 3.2 cents with 53.2 million shares traded, followed by Genera down 10.7 percent to 25 cents with 101,946 shares traded.

Optiscan fell 9.1 percent; Virax lost 6.9 percent; Phylogica and Prana fell more than four percent; Benitec was down 3.2 percent; with Acrux, Cochlear, CSL and Mesoblast down one percent or more.

## CELLESTIS

A shareholders action group has been formed to fight the proposed takeover of Cellestis and claims to have "overwhelming support from shareholders".

Biotech Daily believes the group may have more than 30 percent of the Cellestis shares on issue.

A spokesperson for the group, long-term Cellestis investor Vic Bula said the shareholders were dissatisfied with the offer which was well below the company's \$4.00 high achieved on August 28, 2009.

In a media release Mr Bula said Qiagen had structured its takeover via a scheme of arrangement, which posed an easier hurdle, requiring the acceptance of 75 percent of shareholders.

"While we have the numbers to block this takeover, we believe that Qiagen, a foreign company, should be required to make its takeover under Chapter 6, which requires 90 percent acceptance from shareholders," Mr Bula said.

"This would ensure that all Australian shareholders, especially those with small holdings, receive maximum protection as required under the legislation," Mr Bula said.

"This is especially so given the groundswell of opposition to the proposed takeover," he said.

Mr Bula said Qiagen NV's offer of \$3.55 per share to take over Cellestis "massively undervalues the company".

"Cellestis, which is forecasting annual revenue growth at between 30 percent and 40 percent for the next few years, is potentially another CSL or even another Cochlear," Mr Bula said.

He said that Cellestis told investors at the November 2010 annual general meeting that 'Revenue growth of between 30 percent and 40 percent was expected for full fiscal year 2011...our goal in financial year 2012 is to achieve similar revenue growth as this fiscal year.'

Mr Bula said shareholders were "understandably upset that the company they have backed for 10 years is being sold out from under them just when the company is at the point of gaining significant sales traction".

"This is yet another great Australian story that is being sold off to an overseas company," Mr Bula said.

"Even based purely on Cellestis's lead product, Quantiferon TB, the value of Cellestis is significantly greater than the \$3.55 offer price," he said.

"The potential for new diagnostics based on the revolutionary Quantiferon technology as foreshadowed by the directors adds further value again," Mr Bula said.

Mr Bula said the patent-protected Quantiferon test for tuberculosis had more than 500 independent, peer-reviewed studies, had obtained regulatory approval throughout the world and was recently made the preferred test in the US.

He said the worldwide market for tuberculosis testing alone was more than \$900 million a year and that with a market penetration of about five percent there was "clearly much potential for further growth".

Cellestis chief executive officer Dr Tony Radford told Biotech Daily that the company would publish an independent expert's report evaluating the proposal and shareholders "should consider that report and face realistic values".

Dr Radford said the takeover would go to a shareholders' election and they should vote accordingly.

Dr Radford said that share liquidity was always an issue for companies like Cellestis and that had an impact on share price.

Cellestis was unchanged at \$3.46.

### GENETIC TECHNOLOGIES

Genetic Technologies says it has granted non-exclusive rights to patents relating to its non-coding DNA technology to Austria's Viennalab Diagnostics GmbH.

Genetic Technologies said the terms of the agreement were covered by formal confidentiality provisions and could not be disclosed.

Genetic Technologies said Viennalab was not a party to the US patent infringement suit (BD: April 13, 2011).

Genetic Technologies was unchanged at 10 cents.

### BIONOMICS

Bionomics has told the ASX that it is not aware of any information it has not announced which, if known, could explain recent trading in its securities.

The ASX said the company's share price rose from 50 cents on April 11, 2011 to 71 cents on April 13, 2011, a 42 percent increase and noted an increase in trading volume.

Bionomics said it had published several announcements between March 30, 2011 and April 6, 2011 including successful BNC210 anti-anxiety drug trial results, the close of the Start-up Ventures share tender, BNC105 for cancer data and a presentation for the Needham Healthcare Conference.

Bionomics closed up six cents or 9.2 percent to 71 cents with 1.9 million shares traded.

### QRX PHARMA

QRX says the US Patent and Trademark Office has issued a patent covering a dosing algorithm for converting patients from intravenous opioid to oral immediate release (IR) Moxduo, expiring in 2029.

The US Patent Office said the patent was entitled 'Methods of converting a patient's treatment regimen from intravenous administration of an opioid to oral co-administration of morphine and oxycodone using a dosing algorithm to provide analgesia'.

QRX chief executive officer Dr John Holaday said patients often responded differently to opioids and the algorithm "facilitates the personalized dosing of Moxduo IR by the clinician, thereby improving efficacy and safety".

"This is the first of several patent applications filed by the company to be approved which extend global exclusivity of the Moxduo dual opioid product line," Dr Holaday said.

Dr Holaday said the patent described a clinically derived dosing algorithm to be included in the Moxduo IR product label to help patients and doctors maintain analgesic control of pain while minimizing side effects.

QRX was up 17 cents or 10.6 percent to \$1.77.

### BRAIN RESOURCE

Brain Resource says its level I American depositary receipt (ADR) program has been established and ADRs are quoted on the over-the-counter market.

Brain chief executive officer Dr Evian Gordon said the company expected the program "to help further align our growing US business and client base with US investors".

Brain Resource fell one cent or 3.3 percent to 29 cents.