



Biotech Daily

Wednesday May 4, 2011

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH DOWN: MESOBLAST UP 6.5%; LIVING CELL DOWN 14%**
- * **QIMR: EARLY DIAGNOSIS DOESN'T CHANGE OVARIAN CA OUTCOME**
- * **CEPHALON TAKES 57% CONTROL OF CHEMGENEX**
- * **BIOMD OFFERS ALLIED 70% OF MERGED COMPANY**
- * **BIONOMICS RAISES \$4m IN OFFICE SALE, LEASE-BACK DEAL**
- * **NEUREN RAISES \$2m, TERMINATES SPRINGTREE NOTE**
- * **M&G GROUP INCREASES TO 7% OF MESOBLAST**
- * **HELICON EVALUATES ASPEN NANOTECHNOLOGY CANCER THERAPY**
- * **LIVING CELL PLACEMENT, NOTES EGM**
- * **AUSTRALIAN ETHICAL TAKES 6% OF TISSUE THERAPIES**
- * **BONE HAS \$19k CASH; \$6m CONVERTIBLE NOTE**
- * **COGSTATE LAUNCHES AXON POTENTIAL ATHLETE TRAINING TOOL**

MARKET REPORT

The Australian stock market fell 0.93 percent on Wednesday May 4, 2011 with the S&P ASX 200 down 44.5 points to 4740.1 points. Ten of the Biotech Daily Top 40 stocks were up, 12 fell, 13 traded unchanged and five were untraded.

Mesoblast was best, up 53 cents or 6.5 percent to \$8.72 with 1.5 million shares traded, followed by Alchemia up 6.1 percent to 70 cents with 6,000 shares traded. Cellmid and Patrys climbed more than three percent; Starpharma rose 2.8 percent; with Circadian and Viralytics up more than one percent.

Living Cell led the falls, down 1.5 cents or 13.6 percent to 9.5 cents with 290,000 shares traded, followed by Antisense down 10 percent to 0.9 cents, with 8.95 million shares traded. Phylogica lost 5.9 percent; Nanosonics, Pharmaxis, Prana and Psivida shed more than two percent; with QRX, Sirtex, Tissue Therapies and Universal Biosensors down one percent or more.

QUEENSLAND INSTITUTE OF MEDICAL RESEARCH

A report published in the US-based Journal of Clinical Oncology says that early detection makes no difference to outcomes for women with ovarian cancer symptoms.

The article entitled 'Reducing Time to Diagnosis Does Not Improve Outcomes for Women With Symptomatic Ovarian Cancer: A Report From the Australian Ovarian Cancer Study Group' was published in the current edition of the Journal and an abstract is available at:

<http://jco.ascopubs.org/content/early/2011/04/26/JCO.2010.32.2164.abstract>.

The report's lead author, Queensland Institute of Medical Research cancer and population studies researcher, Dr Christina Nagle told Biotech Daily that the trial found 145 those pre-symptomatic women who were incidentally discovered to have early stage ovarian cancer. Dr Nagle said that "earlier stage diagnosis was a key prognostic factor".

"Our study didn't investigate screening, so more research is required," Dr Nagle said.

the authors said the research was "to determine if time to diagnosis is associated with stage of disease at diagnosis or survival among women with symptomatic ovarian cancer".

Dr Nagle said that symptoms of ovarian cancer include a mass in the pelvic region, pain, weight loss and changes in toilet habits, amongst others.

The article said that a representative sample of 1,463 Australian women with ovarian cancer diagnosed between 2002 and 2005 who participated in a population-based case-control study were interviewed regarding the events leading to their diagnosis and were observed for mortality for 5 years.

Of the 1,318 women (90%) who presented to a medical practitioner with symptoms, 55 percent presented within one month, 70 percent in less than two months and 92 percent within six months of the onset of symptoms.

The Journal of Clinical Oncology article said that there were no significant differences in the time from symptom onset to first medical practitioner consultation ($p = 0.19$) or symptom onset to diagnosis ($p = 0.64$) among women with borderline, early (International Federation of Gynecology and Obstetrics stages I to II) or late (stages III to IV) disease. The article said there was also no association between time to diagnosis and survival and the adjusted hazard ratio for long delay (more than 12 months from symptom onset to diagnosis) versus short delay (less than one month) was 0.94.

The article said that the 145 women who had asymptomatic cancers diagnosed incidentally were younger and were more likely to have borderline or stage I disease compared with women who had symptomatic ovarian cancer.

The articles concluded that the results suggested that "once ovarian cancer [was] symptomatic, reducing the time to diagnosis would not greatly alter stage of disease at diagnosis or survival".

CHEMGENEX

Cephalon says acceptances for its Chemgenex takeover bid has increased from 148,371,107 shares (47.32%) to 177,245,702 shares (56.53%).

Cephalon said it also had received acceptances for 6,608,565 listed options (60.36%).

The US-based bidder for all of Chemgenex's shares has commitments from major shareholders for 62.61 percent of the company (BD: Apr 31, 2011) but at the time of publication, it appeared that at least one major holder had not filed their paperwork, despite the company's efforts to expedite the process.

The bid is conditional on receiving 90 percent of shares and options and it appeared that one buyer was acquiring or had acquired more than 10 percent of the listed options.

Cephalon can remove conditions at any time.

Chemgenex was unchanged at 69.5 cents with 1.5 million shares traded.

BIOMD, ALLIED MEDICAL

Biomd has lodged its offer documents to acquire all the shares in Allied Medical in exchange for scrip, giving Allied shareholders 70 percent of the merged company. Biomd said that Allied was a public unlisted company specializing in the sales, distribution and commercialization of medical technologies.

Allied chief executive officer Lee Rodne told Biotech Daily that his company was a major shareholder of DNA vaccine development company Coridon Pty Ltd led by Prof Ian Frazer and that Prof Frazer and Uniquist were other shareholders in the company.

Mr Rodne said Allied had the right to acquire up to 55 percent of Coridon, pending the achievement of milestones.

Avexa held a 24 percent share of Allied of which Biomd acquired a 19.9 percent share of Allied (BD: Feb 24, 2011).

Avexa chairman Iain Kirkwood told Biotech Daily that his company supported the merger. Mr Rodne said Allied and Biomd were targeting June 20, 2011 to complete the merger. In its media release Biomd said it was offering Allied shareholders 428,275,968 million shares and Allied shareholders would receive 32 Biomd shares for each Allied share. The offer is recommended by Allied's board.

Biomd said benefits included the creation of "a diversified healthcare group focused on a growing distribution business and the commercialization of new medical technologies". Biomd said the new group would include its subsidiary Celxcel, with its tissue engineering and regenerative Adapt technology for cardiovascular and soft tissue repair surgery.

The company said the merger would allow for the quicker development of product pipelines and provide the necessary funding for organic growth and further acquisitions. Biomd managing director Michael Bennett said that "both Allied and Biomd have well-developed and potentially very lucrative product pipelines".

"The development of these will be speeded by the combination of the two companies," Mr Bennett said.

"We are both targeting markets with great opportunity - both to offer unique therapeutic value and also derive attractive returns for our shareholders," Mr Rodne said.

"The combined company will remain focused on expansion, both through acquisition and internal growth," Mr Rodne said.

"We have the great advantage of an existing profit making distribution business, which will help fund product development and further acquisitions," Mr Rodne said.

Biomd said the bidder's statement would be dispatched to Allied shareholders by May 6, 2011 and the offer would close on June 17, 2011.

Biomd was untraded at 4.8 cents.

BIONOMICS

Bionomics says it will sell and lease-back its head office and research facility in Thebarton, South Australia, raising \$4.27 million.

Bionomics said settlement was expected on July 13, 2011 and the lease-back from the purchaser was for 10 years with two five-year options to extend the lease.

Bionomics said that after the repayment of debt secured by the premises and transaction costs, it expected to receive \$4.27 million on settlement.

The company said its cash position at the end of the March 2011 quarter was \$5.79 million, with a \$2,625,000 cash burn for the three months to March 31, 2010.

The company said shareholders were aware it was seeking to complete its first, major partnering deal before the end of this calendar year and the funds would assist that goal.

Bionomics was unchanged at 56 cents.

NEUREN PHARMACEUTICALS

Neuren says it will raise \$2 million in a placement at 1.3 cents a share and terminate its convertible debt agreement with Springtree Global Opportunities.

Neuren said of 66,479,000 shares would be issued to Lang Walker of Sydney with the balance subject to shareholder approval.

The company said it would undertake a one-for-one renounceable rights offer at the same 1.3 cents price as the placement.

Neuren said the funds would “cover corporate overhead and operating costs through the completion of the two ongoing phase 2 trials of NNZ-2566 and Motiva and to expand opportunities for those and the cancer programs wherever possible”.

Neuren said Springtree agreed to waive the termination fee and expressed its appreciation to Springtree “for being a supportive financial partner”.

Neuren said shareholder approval would be sought at an extraordinary general meeting the same time as the annual general meeting on May 31, 2011.

Neuren was up 0.1 cents or 6.7 percent to 1.6 cents with 3.1 million shares traded.

HELICON

Helicon says it will conduct due diligence on Aspen Medisys LLC a view to acquiring the company.

Helicon said the agreement required both parties to conduct a 90 day cross due diligence and formulate a suitable transaction for regulatory and shareholder approval.

The company said Aspen owned a nanoparticle technology for the treatment of tumors co-developed with Aduro Biotech Inc, a significant shareholder in Aspen.

Helicon said that more than \$11 million had been spent on the development of the science which had potential licencing opportunities for both veterinary and human applications to treat tumors associated with ovarian, lung and pancreatic cancers.

The company said the acquisition was in line with its strategy of acquiring products that were close to commercialization stage and it expected a further \$3 million would be required to complete the development to yield a completed product within 18 months.

Helicon said the product could be sold to the veterinary market, generating immediate licencing cash flow.

Helicon said that in multiple trials Aspen “observed a complete eradication of tumors on 60 percent of mice tested” ... [and] the remaining 40 percent showed a remarkable reduction in tumor growth rate”.

The company said the technology enabled very precise temperature increases to be targeted to diseased tissues using magnetically heated nano-particles implanted in the diseased tissue.

The nanoparticles were energized remotely through a non-invasive, externally applied magnetic field, namely when placed in an alternating magnetic field, the nanoparticles were capable of generating the heat required to kill the tumor, Helicon said.

Unlike radiation therapies, the required levels of alternating magnetic field caused little damage to the healthy cells, the company said.

Helicon chairman Rod Tomlinson said the use of radiation to treat cancer was “omnipresent and due to the shotgun approach of current radiation treatments, significant and unintended damage is inflicted on large number of healthy cells”.

“The application of relatively low frequency electromagnetic radiation at relatively safe doses, which is itself much safer than the conventional microwave or x-ray treatments, results in the heating and destruction of the tumor itself,” Mr Tomlinson said.

Helicon was up 0.2 cents or 5.9 percent to 3.6 cents with 1.1 million shares traded.

MESOBLAST

M&G Investment Funds have increased their substantial holding in Mesoblast from 17,083,675 shares (6.14%) to 19,712,296 shares (7.04%).

Mesoblast was up 53 cents or 6.5 percent to \$8.72 with 1.5 million shares traded.

LIVING CELL TECHNOLOGIES

Living cell shareholders will vote to ratify the placement of 38,677,394 shares, 3,500,000 options and two convertible notes worth \$1,220,000.

Living Cell said 5,343,314 shares, the 3,500,000 options and a \$500,000 convertible note were to Springtree Special Opportunities Fund.

The company said it was seeking ratification of the placements of 14,334,080 shares at 12 cents a share to China's Jiangsu Aosaiking Pharmaceutical Co and 19,000,000 shares and a \$720,000 convertible note to Japan's Otsuka Pharmaceutical Factory Inc.

The Living Cell meeting will be held at the offices of Kemp Strang, Level 16, 55 Hunter Street, Sydney on June 7, 2011, at 1.30pm (AEST).

Living Cell fell 1.5 cents or 13.6 percent to 9.5 cents.

TISSUE THERAPIES

Australian Ethical's Smaller Companies trust has returned to a substantial holding in Tissue Therapies with 9,190,495 shares (6.12%).

Tissue Therapies has previously been substantial in Tissue Therapies and said that on May 3, 2011 it acquired 4,600,000 shares for \$2,300,000 or 50 cents a share.

Tissue Therapies fell half a cent or one percent to 50.5 cents.

BONE MEDICAL

Bone said its net operating cash burn for the three months to March 31, 2011 was \$140,811 with cash at the end of the quarter of \$18,627.

Last year, Bone announced that it had a \$6 million convertible note equity draw down facility with La Jolla Cove (BD: Sep 14, 2010).

Bone fell 0.4 cents or 20 percent to 1.6 cents.

COGSTATE

Cogstate says it has launched Axon Potential to create cognitive training programs for competitive athletes.

Cogstate said the launch would begin with a website highlighting research in sports and neuroscience, interviews with leaders in the fields of cognitive neuroscience, skill acquisition and performance training.

The company said its goal was "to create a community of scientists, trainers, coaches and athletes who are interested in exploring how sports and neuroscience intersect".

Cogstate said Axon Potential was a joint venture between it and Quixote Investment.

Cogstate was untraded at 19.5 cents.