



Biotech Daily

Wednesday August 10, 2011

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH UP: VIRAX UP 22%; GENETIC TECHNOLOGIES DOWN 8%**
- * **BIOTECH WINS 2 OF 17 ARC LAUREATE FELLOWSHIPS**
- * **GOODBYE CELLESTIS, WELCOME GENETIC TECHNOLOGIES, ALLIED**
- * **USPTO GRANTS FURTHER IMAGING PATENT TO OPTISCAN**
- * **HUNTER HALL BUYS 2m BIOTA SHARES**
- * **HELICON BUYS '\$200m' NANOTECHNOLOGY FOR \$3.5m SHARES**
- * **UP TO 33% OF EGM VOTES OPPOSE KARMELEXONIX CHAIRMAN SHARES**

MARKET REPORT

The Australian stock market was up 2.64 percent on Wednesday August 10, 2011 with the S&P ASX 200 up 106.5 points to 4141.3 points.

Twenty-three of the Biotech Daily Top 40 stocks closed up, six fell, six traded unchanged and five were untraded. All three Big Caps were up.

Virax was the best, up 0.4 cents or 22.22 percent to 2.2 cents with 40,000 shares traded, followed by Living Cell up 18 percent to 5.9 cents, Viralytics up 17.4 percent to 50.5 cents, Clinuvel up 15.2 percent; Phosphagenics up 14.3 percent to 12 cents, Prana up 13.8 percent to 16.5 cents, Optiscan up 12.4 percent to 10 cents and Phylogica up 11.1 percent to seven cents, all on modest volumes.

Prima climbed nine percent with 38.8 million shares traded; Anteo was up 7.5 percent; Cochlear climbed 6.4 percent; Bionomics, Psivida and Tissue Therapies were up more than five percent; Benitec, CSL and QRX were up four percent or more; Acrux, Alchemia, Biota and Mesoblast were up more than three percent; Circadian rose two percent; with Impedimed, Nanosonics, Resmed and Starpharma up more than one percent.

Genetic Technologies led the falls, down 1.5 cents or 8.3 percent to 16.5 cents with 1.2 million shares traded.

Compumedics and Sirtex lost five percent or more; Heartware was down 3.3 percent; with Pharmaxis down 2.75 percent.

AUSTRALIAN RESEARCH COUNCIL

The University of Queensland's Prof Bernard Degnan and the University of Wollongong's Prof Gordon Wallace have won Australian Laureate Fellowships.

In a media release, Innovation Minister Senator Kim Carr described the 17 Laureate Fellows as "the world's best and brightest researchers" and said the Fellowships totaling \$44,516,902 would help them strengthen their research efforts, leading to developments and discoveries that could benefit the lives of all Australians.

Prof Degnan was awarded \$3,001,626 for a project to use genomic approaches on marine organisms such as sea sponges to gain fundamental insights into multi-cellular life, including human diseases and cancer whose origins can be traced back to ancient and simple marine animals.

Prof Wallace was awarded \$2,638,208 to provide a platform to revolutionize medical treatments such as nerve and muscle regeneration which impact on neural prosthetics.

A media release from the Australian Research Council said the advent of the next generation of medical bionic devices was dependent on advances in multifunctional organic materials that, like living systems, provide spatial and temporal control and Prof Wallace would use the knowledge accrued in developing these bionic devices to progress collaborative projects with Melbourne's St Vincent's Hospital to produce materials for detection and control of epileptic seizures and bone regeneration.

The media release from Senator Carr said two of the fellows were exceptional women researchers who also hoped to undertake a mentoring role as ambassadors to encourage other women to take up and continue research careers.

Senator Carr said the University of Sydney's Prof Pippa Norris was awarded the Australian Research Council's inaugural Kathleen Fitzpatrick Australian Laureate Fellowship worth \$2,635,728 for advance understanding of the impact of democratic governance upon prosperity, welfare and peace and Prof Mahananda Dasgupta was awarded the inaugural Georgina Sweet Australian Laureate Fellowship worth \$2,750,752 for a nuclear physics project to understand the quantum interactions of stable and unstable exotic nuclei, underpinning opportunities with next generation accelerators.

CELLESTIS, GENETIC TECHNOLOGIES, ALLIED HEALTHCARE GROUP

The ASX says Cellestis securities will be suspended from quotation at the close of trading today, following lodgment of the court order approving the scheme of arrangement for the Qiagen takeover with the Australian Securities and Investments Commission.

Biotech Daily hopes to continue reporting news on the now Qiagen-owned, Cellestis developed Quantiferon Gold test for tuberculosis.

Genetic Technologies will be promoted into the Biotech Daily Top 20 Index (BDI-20) replacing Cellestis from tomorrow, recognizing the significant news flow on acquisitions, licencing and patent protection since the appointment of chief executive officer Dr Paul MacLeman (BD: Apr 21, Nov 4, 2009).

Biotech Daily is cognizant of the legal issues related to founder Dr Mervyn Jacobson and his family, but believes the company meets our criteria of interesting technology, benefit to humankind and likelihood to deliver returns to investors (BD: Feb 18, 2011).

Allied Health will be promoted to the Second 20 of the BDI-40 replacing Genetic Technologies (BD: May 19, 2011).

Cellestis last traded down one cent or 0.3 percent to \$3.77.

Genetic Technologies fell 1.5 cents or 8.3 percent to 16.5 cents with 1.2 million shares traded.

Allied Health was unchanged at 5.6 cents.

OPTISCAN

Optiscan says that with partner Carl Zeiss it has been granted a US patent for its microscopic imaging system to be used with macroscopic surgical imaging systems. Optiscan said the granted patent entitled 'Imaging method and system' included but was not limited to the fields of neurosurgery, ear nose and throat surgery and spinal surgery, which the company had licenced to Carl Zeiss.

Optiscan said the patent filed on April 8, 2010, extended its "already robust and expanding patent portfolio consisting of approximately 50 patent families".

The company said that its patent position "combined with its vast human capital knowledge bank and know how provides both world leading miniaturized confocal imaging and a substantial pipeline of product development".

Optiscan was up 1.1 cents or 12.4 percent to 10 cents.

BIOTA HOLDINGS

Hunter Hall Investment Management has increased its substantial holding in Biota from 22,767,260 shares (12.59%) to 24,781,543 shares (13.66%).

In its substantial shareholder notice Hunter Hall said it bought and sold shares between February 21 and August 5, 2011, with the single largest purchase on June 20 with 894,690 shares acquired for \$888,097 or an average price of 99.3 cents a share, while the single largest sale was on March 24 with 205,190 shares disposed for \$297,710 or \$1.45 a share.

In February, Hunter Hall decreased its holding by about three million shares when the company was generally trading above \$1.30 (BD: Feb 22, 2011).

Today, Biota was up three cents or 3.4 percent to 90.5 cents.

HELICON GROUP

Helicon says it has a letter of intent to acquire Aspen Medisys LLC for \$1.5 million in scrip, with a further \$2 million in scrip, subject to milestones.

Helicon said the Massachusetts-based Aspen Medisys owned a nanoparticle technology to treat tumors co-developed with Aduro Biotech, a shareholder in Aspen Medisys.

The company said the technology enabled precise temperature increases to be targeted to diseased tissues using magnetically heated nanoparticles implanted in the diseased tissue, using medium strength and safe magnetic fields and the technology could treat tumors associated with ovarian, lung and pancreatic cancers.

Helicon said conditions included that \$3 million be used to develop the technology, with funds expected to be raised overseas and the transaction was subject to approvals.

Milestones include the submission of a final technology report into the safety and efficacy in animals, to be conducted at the University of California, expected by December 31, 2012, along with the first commercial sale of a product incorporating the technology and when cumulative sales of a product incorporating the technology reached \$10 million.

Helicon chairman Rod Tomlinson said that he was sure the company could "monetize this technology ... and become a very large company".

"Having now completed our technical due diligence I am convinced the scientific platform upon which [Aspen Medisys] is predicated is not only sound, but also unique and it works," Mr Tomlinson said. "Once we spend the development money on what needs to be done next and achieve a successful outcome, the end value of this asset, if I base it on comparable technologies, is in excess of \$200 million."

Helicon was up half a cent or 33.3 percent to two cents.

KARMELSONIX

Karmelsonix shareholders have passed all general meeting resolutions with significant dissent against the issue of 18,000,000 shares to chairman Ross Haghighat.

The resolution to issue the shares to Mr Haghighat was passed with 180,839,291 proxy votes (67.4%) in favor and 87,584,478 proxy votes (32.6%) against.

The votes against the issue represent 8.3 percent of the 1,057,918,224 shares on offer.

But the resolution to provide 36,355,657 free attaching options to shares issued in a placement was closer with 193,860,200 proxy votes in favor (62.5%) and 116,404,902 proxy votes against (37.5%), with the votes against comprising 11.0 percent of all shares on offer.

The change of the company's name to Isona was opposed by 80,458,708 proxy votes and all other resolutions were passed overwhelmingly.

Karmelsonix was up 0.1 cents or 9.1 percent to 1.2 cents with 4.9 million shares traded.