



# Biotech Daily

Tuesday August 2, 2011

*Daily news on ASX-listed biotechnology companies*

- \* **ASX, BIOTECH DOWN: OPTISCAN UP 42%; LIVING CELL DOWN 8%**
- \* **NOVOGEN SELLS CONSUMER HEALTH BUSINESS FOR \$10m**
- \* **BIONICHE, PLASVACC DEAL FALLS THROUGH**
- \* **BLUECHIIP GEARING-UP FOR COMMERCIALIZATION**
- \* **ANTEO APPOINTS MARK BOURIS NON-EXECUTIVE CHAIRMAN**
- \* **FEDERAL GRANT UNDERPINS VAXXAS \$15m FOR NO NEEDLE PATCH**
- \* **CELLMID COMPLETES TECHNOLOGY TRANSFER, GMP PRODUCTION**
- \* **UP TO 30% OF VOTES OPPOSE VIRALYTICS 29m DIRECTOR OPTIONS**
- \* **LEAF APPOINTS KEN RICHARDS CEO, DR JAY HETZEL DIRECTOR**
- \* **ORBIS TAKES PROFIT ON 1.8m MORE ACRUX SHARES**
- \* **AUSTRALIAN ETHICAL TAKES 13% OF AVITA**
- \* **BONE APPOINTS FOUNDER DR ROGER NEW CHAIRMAN**

## MARKET REPORT

The Australian stock market fell 1.43 percent on Tuesday August 2, 2011 with the S&P ASX 200 down 64.2 points to 4433.6 points. Ten of the Biotech Daily Top 40 stocks were up, 15 fell, seven traded unchanged and eight were untraded. All three Big Caps fell.

Optiscan was the best, up four cents or 42.1 percent to 13.5 cents with 370,973 shares traded, followed by Genetic Technologies up 16.7 percent to 21 cents with 12 million shares traded and Virax up 15 percent to 2.3 cents with 216,500 shares traded. Cellmid climbed 8.7 percent; Cathrx was up 6.7 percent; Anteo was up 3.95 percent; Acrux rose 2.2 percent; with Impedimed and Pharmaxis up more than one percent.

Living Cell led the falls, down 0.5 cents or 7.7 percent to six cents, with 151,096 shares traded, followed by Alchemia down 7.1 percent to 65 cents with 334,538 shares traded. Patrys and Prima lost more than five percent; Heartware fell 4.7 percent; Benitec, CSL and Viralytics were down more than three percent; Cochlear and Sunshine Heart shed more than two percent; with Biota, Mesoblast, Nanosonics, Phylogica, QRX and Resmed down one percent or more.

## NOVOGEN

Novogen says it has sold its consumer products business to Pharm-a-Care Laboratories for \$10.1 million.

Novogen chairman William Rueckert said a strategic review considered “the consumer products division ... non-core to the company’s future focus on drug development”.

The consumer health business is primarily Promensil for menopause and the Trinovin dietary supplement for prostate health, while Novogen has separately developed red clover, isoflavone-based cancer therapeutics (BD: Sep 9, 2010).

“The sale of this business represents a very successful outcome for the company and its shareholders,” Mr Rueckert said.

Mr Rueckert said the resources from the sale would allow Novogen to advance its therapeutic drug development opportunities.

“It is the current intention of the Novogen board to redeploy the bulk of the proceeds of this transaction into additional investment in the company’s two majority-owned subsidiaries Marshall Edwards and Glycotex,” Mr Rueckert said.

“The additional capital will allow both Marshall Edwards and Glycotex to advance their respective development programs to clinical data points which we believe can create significant value for Novogen’s shareholders,” Mr Rueckert said.

Novogen was up 1.5 cents or 8.1 percent to 20 cents.

## BIONICHE LIFE SCIENCES

Bioniche says it won’t acquire the Queensland-based Plasvacc Holdings dog and horse plasma business announced last month (BD: Jul 5, 2011).

Bioniche said the parties “failed to reach agreement on definitive transaction documents and have terminated discussions under their letter of intent in connection with the transaction” which Biotech Daily believes was worth several million dollars.

In a media release, Plasvacc said it had “walked away from a deal to sell its business to ... Bioniche”.

Plasvacc chief executive officer Andrew Macarthur said negotiations had “collapsed” and there was no chance of them being resurrected.

“We entered into negotiations with Bioniche in good faith, but after months of discussions the Plasvaac board has reached the firm conclusion that the sale of its business to Bioniche is not in the best interests of staff, creditors, shareholders and other stakeholders,” Mr Macarthur said.

“The board now intends to proceed as an independent company with a sole focus on growing organically for the foreseeable future,” Mr Macarthur said.

Mr Macarthur told Biotech Daily the company effectively lost about \$1 million in a failed attempt to list on the ASX in 2008 and while still investing in its business was “very close to break-even”.

Bioniche chairman Graeme McRae said the company was “disappointed that we could not successfully conclude this acquisition”.

“However, this outcome does not affect our intentions to selectively acquire rights to commercially-important animal health products and technologies, one of the stated uses of proceeds for our \$C28.9 million concurrent financings in Canada and Australia completed earlier this year,” Mr McRae said.

“A number of other potential acquisitions are currently under consideration,” Mr McRae said.

Plasvacc is a public unlisted company.

Bioniche was untraded at 85 cents.

## BLUECHIIP

Bluechiip chief executive officer Brett Schwarz is on the road meeting potential partners and investors in Asia, the US, Europe and Australia to prepare for a commercial roll-out. Mr Schwarz told Biotech Daily that having listed on the ASX the next step was to raise the company's profile to investors and potential partners.

Mr Schwarz said that the company knew it had a good technology and was looking for manufacturing and distribution partners.

He said a trip to Taiwan last week resulted in interest from a country keen on biotechnology, electronics and investment, which had three large cord-blood companies. The Bluechiip tracking device, invented in Melbourne by Dr Ron Zmood, has been developed to withstand cryogenic storage and locate individual cassettes and blood bags, from among more than a thousand within large liquid nitrogen tanks.

Mr Schwarz said that bags and cassettes had to be located manually checking a paper label or a barcode and running the risk of damage and contamination to the blood bags. He said the micro-electro-mechanical system (Mems) resonator chip was attached to each bag, vial or cassette and could be located with the reading system of a pen-like wand reader attached to the match-box which displayed the data, and all the information could then be transmitted to a web-based information system.

Mr Schwarz gave as an example that a family with a child's stored cord blood could remotely check on its storage conditions on-line.

He said that the company was working to be able to detect individual vials as well as racks and blood bags.

Mr Schwarz showed Biotech Daily the match-head size tracking chip which would be sealed in, or with, the blood vial or bag or attached to specific racks.

He said the size of the cryogenic market included millions of individual samples currently labeled or bar-coded.

He said the company hoped that in future people would ask whether a storage item had been "Bluechiiped".

Mr Schwarz said the company had spent a great deal of time in the US and had appointed the Lowell Massachusetts-based Lisa Miranda as its head of business development.

Mr Schwarz said he was in discussions with a DNA storage service provider to the US Department of Defense and that there was the potential for keeping records on every member of the US armed services.

He said that he had also visited Japan, the UK, the Netherlands and Italy to talk with potential investors as well as manufacturing and distribution partners.

Bluechiip was up 1.5 cents or 9.7 percent to 17 cents.

## ANTEO DIAGNOSTICS

Anteo says it has appointed Mark Bouris as a director and non-executive chairman, replacing acting chairman Richard Martin who continues as a director.

Anteo said Mr Bouris had more than 25 years experience in finance and corporate development and was a highly experienced senior executive.

The company said Mr Bouris founded Wizard Home Loans in 1999 and following its sale was appointed adjunct professor of banking and finance and business law and Taxation at the University of New South Wales in July 2004.

Anteo said Mr Bouris was the founder and executive chairman of financial advisory firm Yellow Brick Road and chairman of technology company TZ Limited and a director of the Eastern Suburbs Leagues Club in Bondi Junction, Sydney.

Anteo was up 0.3 cents or 3.95 percent to 7.9 cents with 4.7 million shares traded.

## FEDERAL GOVERNMENT, VAXXAS

An Australian Government Innovation Investment Fund will underpin a \$15 million investment in Vaxxas to commercialise the Nanopatch needle-free vaccination.

A series of media releases from Innovation Minister Senator Kim Carr, Uniquest and Vaxxas Pty Ltd said the Nanopatch was invented by researchers at the University of Queensland and was expected to use less vaccine than a syringe, prevent needle-stick injuries and eliminate the need for vaccines to be refrigerated.

A media release from Senator Carr said Vaxxas would conduct clinical trials within the next three years and Senator Carr said the Nanopatch was an example of “translating world-class Australian research in cutting-edge technologies like nanotechnology into world-first innovative products”.

Senator Carr’s media release said the research had taken eight years and was led by the Australian Institute for Bioengineering and Nanotechnology’s Prof Mark Kendall.

A Vaxxas media release said the investment was led by Oneventures, with co-investors Brandon Capital, the Medical Research Commercialisation Fund and the Massachusetts-based Healthcare Ventures.

Vaxxas said the Nanopatch had “thousands of small projections designed to deliver the vaccine to abundant immune cells in the skin, whereas the traditional syringe hits the muscle where there are few immune cells”.

Animal testing showed that a Nanopatch-delivered influenza vaccine was effective with only 1/150th of the dose compared to a syringe and that the adjuvants required to boost the immunogenicity of vaccines might not be needed.

The company said the Nanopatch had the potential to improve patient convenience and reduce the complications associated with needle phobia, needle stick injuries and cross contamination and was designed for thermostability and would not require refrigeration. Uniquest said it negotiated the deal on behalf of the University of Queensland.

## CELLMID

Cellmid says it has completed technology transfer in relation to its midkine blood test MK Elisa and the test kits have been successfully produced.

Cellmid said the New Zealand-basedASUREquality produced the kits at its good manufacturing practice compliant facility in Melbourne.

The company said the move from development phase to fully compliant manufacture was “an important milestone” to being able to produce commercial quantities of the MK Elisa test and a substantial step in the application for Conformité Européenne (CE) mark approval of the kit.

Cellmid said the MK Elisa test was originally developed in collaboration with Germany’s Biogenes and was “a highly accurate method for determining midkine levels in the blood of individuals, with a detection limit of 8 picogram per millilitre (pg/mL).

The company said the MK Elisa was highly accurate in quantifying serum midkine concentrations between 25pg/mL and 1000pg/mL, its dynamic range.

Cellmid said most healthy adults had about 300pg/mL serum midkine levels or less and the Cellmid MK Elisa could be used to differentiate between healthy individuals and patients who suffer from cancer.

The company said the commercially-produced MK Elisa kit would be used to complete testing in its in-house diagnostic programs, including CK3000 which was testing healthy individuals, CS5000 which was testing cancer patients and CAN104, a veterinary cancer diagnostic program and would be available to collaboration partners and licencees.

Cellmid was up 0.2 cents or 8.7 percent to 2.5 cents with 2.6 million shares traded.

## VIRALYTICS

Viralytics shareholders have shown significant dissent against resolutions to give directors up to 29,000,000 options (BD: Jul 1, 2011).

All resolutions were passed at the extraordinary general meeting but there was strong dissent against the issue of options to directors Paul Hopper, Peter Molloy, Dr Phillip Altman, Bryan Dulhunty and Dr Darren Shafren.

The closest vote saw 24,459,772 proxy votes (30%) oppose the issue of options to Mr Hopper with 57,154,215 proxy votes (70%) in favor.

Resolutions on an employee option plan, a 10-to-one share consolidation and a replacement constitution were passed by wider majorities.

Viralytics has 590,362,227 shares on issue implying 4.1 percent of shares voted against the option issue to Mr Hopper.

Viralytics fell 0.2 cents or 3.3 percent to 5.9 cents with 1.2 million shares traded.

## LEAF ENERGY

Leaf Energy says it has appointed Ken Richards as its chief executive officer and managing director and Dr Jay Hetzel as a director.

Chaired by Mel Bridges Leaf Energy said it held "a world class scientific platform with the ability to produce clean green products [such as] biofuels and commercial proteins into large and growing markets.

The company said Mr Richards held a Bachelor of Commerce degree and a Masters of Business Administration.

Leaf said Mr Richards had managing and transitioned high growth ASX and private companies and had been involved in commercial transactions worth more than \$200 million.

The company said Mr Richards was formerly the chief executive officer of Norgard Clohessy Equity and negotiated the merger of ASX-listed company Aquacarotene (ASX: AQL) with Brisbane based energy and plant based biotechnology company Farmacule Bioindustries to create Leaf Energy.

Leaf said that Dr Hetzel held a Bachelor of Agricultural Science degree from the University of Melbourne and a Ph D in genetics from the University of Sydney.

The company said Dr Hetzel was the co-founder of Catapult Genetics, a company sold to Pfizer and had held board and executive positions, including gene technology and biotechnology advisory roles to government and industry.

"Renewable energy and plant derived commercial proteins are both strong growth areas for the future," Mr Bridges said.

"To date, Leaf Energy has already successfully negotiated and completed a number of strategic technology licensing, research and investment agreements with multibillion dollar companies such as Syngenta AG, Monsanto Corporation and Mesoamerica Sugar Corporation, as well as forged collaborations with a number of universities both in Australia and in the US," Mr Bridges said.

"Each of these transactions has contributed significantly to the current and future value platform for Leaf Energy and its shareholders," Mr Bridges said.

The company said that its Inpact technology allowed the insertion of a molecular switch into the basic operating machinery of a plant which could control the way high value products were produced, ultimately allowing large scale production.

Leaf Energy was unchanged at 10.5 cents.

### ACRUX

Orbis Investment Management has reduced its substantial holding in Acrux from 24,154,588 shares (14.51%) to 22,356,403 shares (13.43%).

The substantial shareholder notice said Orbis sold 1,798,185 shares between July 18 and July 29, 2011 for \$7,366,048 or an average price of \$4.10 a share.

Acrux climbed nine cents or 2.2 percent to \$4.24.

### AVITA MEDICAL

Australian Ethical Smaller Companies Trust has increased its share-holding in Avita from 27,688,264 shares (11.62%) to 30,268,251 shares (12.71%).

Australian Ethical said it acquired the 2,384,347 shares for \$274,200 or an average price of 11.5 cents a share.

Avita was unchanged at 13.5 cents.

### BONE MEDICAL

Bone says that co-founder, chief scientific officer and the original inventor of the company's technologies Dr Roger New has been appointed chairman.

Bone said the London-based Dr New replaces the Denmark-based Leif Jensen who has retirement as chairman and a director "after several years of dedicated and productive service".

The company said Dr New previously was chairman prior to Mr Jensen's appointment in 2008 (BD: May 27, 2008).

Bone said the return to the role "provides established ongoing continuity and rationalizes and aligns the board's structure more closely with the company's geographic focus in the US, Australia and London".

Bone said Dr New supervised the company's laboratory activities at the London premises of the licensor of its technologies, the Jersey, Channel Islands-based Proxima Concepts which was the company's largest shareholder.

Bone was unchanged at 1.7 cents.