



Biotech Daily

Wednesday November 23, 2011

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH DOWN: PSIVIDA UP 24%; PATRYS DOWN 17%**
- * **UNNAMED PHARMA EVALUATES PSIVIDA'S DURASERT**
- * **SCIGEN TO SELL \$9m ISRAEL DIVISION FOR \$2m**
- * **UP TO 33% OPPOSE RESMED INCENTIVE PLAN**
- * **AVEXA FILES NEW ATC COMBINATION PATENTS**
- * **ANTISENSE PLEADS SCHULTZ (AGAIN) TO ASX 75% QUERY**
- * **MAYNE PHARMA TO LOSE FOUNDING CEO DR ROGER ASTON**
- * **USCOM'S ROB PHILLIPS SETS COURSE; LOSES CFO DANIEL FAH**
- * **PROBIOTEC SELLS BUNDABERG PRODUCTION SITE**
- * **ADVANCED SURGICAL APPOINTS PETER WELSH DIRECTOR**

MARKET REPORT

The Australian stock market fell 1.98 percent on Wednesday November 23, 2011 with the S&P ASX 200 down 82.0 points to 4,051.0 points. Seven of the Biotech Daily Top 40 stocks were up, 22 fell, seven traded unchanged and four were untraded.

Psivida was the best, up as much as 32 cents or 28.3 percent to \$1.45 before closing up 27 cents or 23.9 percent at \$1.40 with 26,738 shares traded.

Optiscan climbed 6.25 percent, QRX rose 2.6 percent; Alchemia, Living Cell and Nanosonics were up more than one percent; with Biota and Cochlear up by less than one percent.

Patryst led the falls, down 0.9 cents or 17.0 percent to 4.4 cents with 387,500 shares traded, followed by Prana down 16.2 percent to 15.5 cents with 293,633 shares traded and Neuren down 14.8 percent to 2.3 cents with 31.5 million shares traded.

Genetic Technologies and Uscom lost eight percent or more; Sunshine Heart fell 7.5 percent; Circadian and Pharmaxis were down six percent or more; Clinuvel was down 5.3 percent; Antisense, Avita, Bionomics, Mesoblast and Universal Biosensors fell more than four percent; Anteo, Impedimed and Phosphagenics were down more than three percent; Prima shed 2.9 percent; with CSL, Reva and Viralytics down more than one percent.

PSIVIDA

Psivida says it has an agreement with an unnamed pharmaceutical company to evaluate its Durasert drug delivery technology in ophthalmology.

Psivida said the technology evaluation of the bio-erodible Durasert eye implant would be fully funded by the unnamed company.

Psivida said it was independently developing a product to treat uveitis affecting the posterior segment of the eye and a product to treat glaucoma and ocular hypertension in collaboration with Pfizer.

Earlier this month the US Food and Drug Administration refused to approve licensee Alimera's application for Iluvien for diabetic macula oedema and Psivida's share price fell from \$4.10 to a low of \$1.13 (BD: Nov 14, 2011).

The company said at that time that the FDA wanted Alimera to conduct two additional clinical trials and Alimera said it would request a meeting with the FDA to clarify next steps.

Psivida said the European Medicines and Healthcare Products Regulatory Agency was expected to make a recommendation on the approvability of Iluvien for diabetic macular oedema by the end of this year, with a decision regarding approval by July 2012.

Today, Psivida said it was also developing the Durasert and Biosilicon insert technologies and had licences with Bausch & Lomb for the FDA-approved Vitrasert and Retisert.

Psivida was up as much as 32 cents or 28.3 percent to \$1.45 before closing up 27 cents or 23.9 percent at \$1.40.

SCIGEN

Scigen says it will sell Scigen Israel (IL) assigning manufacture and sale licencing rights for its hepatitis B vaccine to FDS Pharma LLP for \$US2 million and five percent royalties on sales.

Scigen said the sale was conditional on fulfilling conditions, which include the consent of the administrative and regulatory bodies of the State of Israel.

The company said both the SIL shares and the hepatitis B vaccine licence were disclosed in its accounts and at September 30, 2011 was valued at \$US9.1 million after provision for impairment.

Scigen said the transaction was expected to be closed before the end of this year and the loss would be reflected in the accounts for the current financial year.

The company said the disposal of the shares and the licence would have a positive impact on its cash flow.

Scigen said it was "involved in co-developing and marketing genetically engineered biopharmaceutical products for human healthcare ... in the areas of gastroenterology, endocrinology and immunology".

The company said its product portfolio included a third generation hepatitis B vaccine and therapeutics such as r-human growth hormone, r-human insulin and granulocyte-colony stimulating factor.

Scigen said its headquarters was in Singapore and it had subsidiary companies and offices in Australia, South Korea, Vietnam, China, India, Israel and Philippines, with distribution channels in China, Hong Kong, India, Indonesia, Malaysia, Pakistan and Thailand, manufacturing facilities in Israel, India and China and a contract manufacturer in Poland.

Scigen was untraded at 6.8 cents.

RESMED

Resmed faced significant dissent on pay issues at its annual general meeting with up to one third of votes opposing the incentive award plan.

A resolution to increase the incentive awards plan by 54.7 percent to 35,475 shares was opposed by 33,693,827 proxy votes (33.0%) with 68,447,681 proxy votes (67.0%) in favor.

On November 22, 2011 Resmed said it had 147,092,208 shares on issue, making the votes against the plan 22.9 percent of the company.

Resmed said that a resolution for approval on an advisory basis of compensation to named executives including executive chairman Dr Peter Farrell, former chief executive officer Kieran Gallahue, chief financial officer Brett Sandercock, general counsel David Pendarvis, chief operating officers Rob Douglas and Stein Jacobsen was passed by a similar margin to the incentive awards plan.

A resolution required under US law on when shareholders would have a say-on-pay, saw an overwhelming voted in favor of one year with 95.9 million proxy votes in favor of a one-year say-on-pay and 6.6 million proxy votes for a three year say-on-pay.

The re-election of directors Dr Christopher Roberts and John Wareham was passed easily, but 13.2 million proxy votes opposed Dr Roberts compared to 91.3 million proxy votes in favor, while Mr Wareham was re-elected overwhelmingly.

Resmed fell one cent or 0.4 percent to \$2.60 with 3.0 million shares traded.

AVEXA

Avexa says it has filed two new patents covering the company's Apricitabine or ATC drug for HIV.

Avexa said the two patents relating to Apricitabine and combination therapy were based around the clinical findings identified by the company following the full analysis of the phase II/III data set.

Avexa closed its 200-patient phase III Apricitabine program in 2009 and began looking for a second tier or regional company to partner the drug (BD: Oct 2, 2009).

The company said that 24-week data from the phase III trial showed a non-significant clinical benefit for ATC over the standard-of-care 3TC, co-invented by Avexa chief executive officer and chief scientific officer, Dr Jonathan Coates (BD: Feb 4, 2010).

Avexa had been encouraged by 96-week phase IIb trial data that showed that 87 percent of patients on apricitabine had a virus levels "below detectable" (BD: Mar 16, 2009).

In March this year, Avexa said a meeting with the US Food and Drug Administration found a regulatory pathway for Apricitabine and Dr Coates told Biotech Daily at that time that the company retained about \$20 million in cash, but any new trial would primarily be funded by a partner for the drug (BD: Mar 28, 2011).

In July, Avexa appointed the Oxford UK-based corporate advisors Pharmaventures to help find an Apricitabine partner (BD: Jul 6, 2011).

Today, Dr Coates said the patents had "real commercial application as they are focused on the use of ATC and its synergistic benefits when taken with either of two existing marketed drugs".

"These new patents dramatically improve the [intellectual property] position for the company's ATC program," Dr Coates said.

Avexa said the success in the treatment of HIV-1 infection by drug combinations had been known for some time and the results of the clinical trials showed that, unexpectedly, a number of marketed drugs work better with ATC than would have been predicted from historical knowledge and considerably better than in combination with lamivudine or 3TC.

Avexa was up 0.2 cents or 5.7 percent to 3.7 cents.

ANTISENSE

Antisense 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 1.6 cents on November 15 to 2.8 cents on November 22, 2011, a 75.0 percent increase and noted an increase in trading volume.

Antisense said that it expected clinical trial results for its growth hormone receptor targeting drug ATL1103 by the end of this year and reaffirmed the timeline at its annual general meeting on November 8, 2011.

Last week Antisense gave the same response to the ASX saying that the company's share price rose from 0.9 cents on November 8 to 1.6 cents on November 14, 2011, a 77.7 percent increase and noted an increase in trading volume (BD: Nov 14, 2011).

Antisense fell 0.1 cents or 4.2 percent to 2.3 cents with 95.4 million shares traded.

MAYNE PHARMA

Mayne Pharma chairman Roger Corbett says that chief executive officer Dr Roger Aston would retire in 2012, rather than relocate to Adelaide.

Mr Corbett told the company's annual general meeting that "to be best placed to deliver our strategy given the purchase of significant assets in South Australia, the company feels its leadership should be headquartered in Salisbury".

"As such, the chief executive's position will be transferring to Adelaide in the New Year, and the Melbourne-based role will be redundant," Mr Corbett said.

"Dr Aston has advised the board that he does not wish to relocate to Adelaide and after some six years at the helm of Mayne Pharma and Halcygen before that, Dr Aston will be stepping down from his role in the New Year," Mr Corbett said.

Mr Corbett said that Dr Aston and the company were "parting on the best of terms".

Mr Corbett said that Dr Aston would receive his contractual entitlements and agreed to provide consulting services to the board as required.

He said that the board was currently finalizing negotiations with an excellent candidate for the Adelaide-based role.

Mayne was untraded at 48 cents.

USCOM

Uscom's returning executive chairman Robert Phillips says legal action relating to yesterday's annual general meeting will be discontinued (BD: Nov 22, 2011).

The meeting deposed the then executive chairman Philip Kiely and director Jochen Bonitz, while re-electing Mr Phillips and passing the remuneration report

Mr Phillips said today that the company would "review and consolidate the business, manage costs and stimulate distribution and sales".

Uscom has developed and sells an ultrasonic cardiac output monitor for non-invasive use in intensive care units and paediatric care.

"We have the people and vision to leverage the company's technology and we will be developing strategies to drive the company to profitability," Mr Phillips said.

Mr Phillips said the company would appoint an industry-skilled board in the next few weeks.

Separately, Uscom said that chief financial officer and company secretary Daniel Fah would resign on November 30, 2011 and a replacement would be announced shortly.

Uscom fell one cent or 8.3 percent to 11 cents.

PROBIOTEC

Probiotec says it will sell its Queensland production site in Bundaberg which should yield net proceeds of about \$1.05 million.

Probiotec said that settlement was scheduled for January 2012 and the proceeds would repay debt facilities.

The company said it had conducted a strategic and operational review resulting in a series of planned initiatives to improve the strategic focus, business operations and future financial performance including the disposal of a range of identified surplus and/or non-core assets.

Probiotec fell 1.5 cents or 3.8 percent to 38 cents.

ADVANCED SURGICAL DESIGN AND MANUFACTURE

Advanced Surgical says it has appointed Peter Welsh as a director.

Advanced Surgical said Mr Welsh had 43 years experience in the medical device and health care industry, with the last 28 years in orthopaedics.

The company said that Mr Welsh was the first New South Wales distributor for Richards Medical Company, now part of the Smith and Nephew group, selling orthopaedic implants and arthroscopy products.

Advanced Surgical was up half a cent or 3.3 percent to 15.5 cents.