



Biotech Daily

Friday April 27, 2012

Daily news on ASX-listed biotechnology companies

- * **ASX DOWN, BIOTECH UP: LIVING CELL UP 12%, AVITA DOWN 15%**
- * **CHEAPER HIV TRIAL ALLOWS CHANGED AVEXA ATC STRATEGY**
- * **ALLIED RIGHTS RAISE \$1.9m; TAKES 44.4% OF CORIDON**
- * **RESMED RECORD 3rd QUARTER REVENUE, PROFIT**
- * **BAYER PAYS TYRIAN \$US325k TO END DEAL, CONTINUES DEVELOPMENT**
- * **CONSEGNA ACQUIRES OZPHARMA'S LINGUET**
- * **ALLAN GRAY (ORBIS) TAKES PROFIT, REDUCES TO 10% OF ACRUX**
- * **SELECT REDUCES BELOW 5% OF CIRCADIAN**
- * **BIO-MELBOURNE BIO-BREAKFASTS ON BIO-BANKING**

MARKET REPORT

The Australian stock market slipped 0.3 percent on Friday April 27, 2012 with the S&P ASX 200 down 13.1 points to 4,362.1 points. Eighteen of the Biotech Daily Top 40 stocks were up, 15 fell, six traded unchanged and one was untraded.

Living Cell was the best, up 0.8 cents or 12.1 percent to 7.4 cents with 35,827 shares traded, followed by Benitec up 10.5 percent to 2.1 cents with 2.7 million shares traded and Patrys up 10 percent to 3.3 cents with 723,326 shares traded.

Resmed climbed 5.8 percent; Genetic Technologies was up 4.4 percent; Genera, Mesoblast and Sunshine Heart were up more than three percent; Pharmaxis, Phosphagenics and Phylogica rose two percent or more; with Anteo, Biota, Circadian, Clinuvel, Cochlear, Reva, Sirtex and Tissue Therapies up more than one percent.

Avita led the falls, down 3.5 cents or 14.6 percent to 20.5 cents with 2.5 million shares traded.

Antisense and Prima lost more than six percent; Cellmid was down 5.3 percent; Uscom fell 4.3 percent with one share traded; Allied Health, Bionomics, Impedimed, Nanosonics and Neuren were down more than three percent; CSL and Ellex shed more than two percent; with Acrux, QRX, Universal Biosensors and Viralytics down more than one percent.

AVEXA

Avexa says it will adopt a co-marketing partnering model for the development of apricitabine (ATC) for drug-resistant HIV.

Avexa chief executive officer Dr Jonathan Coates told Biotech Daily that the company had originally hoped to find a partner to co-develop the drug taking it to registration.

But Dr Coates said that the reduced cost of a 300-patient, 14-day endpoint phase III pivotal trial meant the company intended to take the drug through registration on its own and co-market it with one or more partners.

Dr Coates said the pivotal trial would cost about \$30 million and according to Avexa's Appendix 4C quarterly announcement, the company had \$12,889,000 in cash at March 31, 2012.

In a media release, Avexa said the prospective partners would be responsible for sales and marketing.

The company said the 300-patient trial could see ATC gaining approval within three years and the co-marketing partnering model was more likely to lead to the best outcome for ATC and shareholders.

In the media release Dr Coates said there was "a clear and sizeable market for ATC because it is safe and active, with advantages over current drugs in patients with limited choices".

"While once-a-day drugs dominate first line therapy, there are lots of twice-a-day drugs being taken by patients and with good sales," Dr Coates said.

"The market opportunity for ATC is in all patients who have failed first-line therapy and who currently have limited choices," Dr Coates said.

Dr Coates said that, previously, the clinical trial cost had made it impossible to take ATC to market without a big pharmaceutical company partner but discussions with the US Food and Drug Administration and the European Medicines Agency showed that Avexa could complete the development of ATC with a much lower cost and a faster, less risky trial.

Avexa said that ATC would have significant patient support, with independent analysis suggesting that the market could be between \$100 million and \$400 million a year.

Avexa fell 0.2 cents or 6.1 percent to 3.1 cents with 9.2 million shares traded.

ALLIED HEALTHCARE GROUP

Allied Health says that following its capital raising it has invested a further \$1 million into Coridon, increasing its holding in its subsidiary to 44.4 percent.

Allied raised \$2 million through a placement of 66,666,667 shares at three cents each and hoped to raise a further \$4.36 million through a rights issue (BD: Mar 16, 2012).

After the market closed on April 24, 2012, Allied said it had raised \$1.9 million through the rights issue but hoped to place the shortfall, raising the full \$4.3 million.

Allied said it had increased its investment in Coridon as it progressed to its phase I study for a herpes vaccine and made progress on its human papillomavirus therapeutic vaccine.

Allied said that Coridon was founded by Prof Ian Frazer to develop and commercialize technology for improving immune responses to DNA vaccines licenced by Uniquist and developed at the University of Queensland.

Allied said that Coridon's herpes vaccine program had shown positive animal data in clearing the virus, with longer term follow up data showing continued persistence of the immune response and Coridon was expecting to present additional data on this program at the Australian Vaccines and Immunotherapeutics Development Meeting in Brisbane May 2-4, 2012.

Allied fell 0.1 cents or 3.6 percent to 2.7 cents with 1.3 million shares traded.

RESMED

Resmed has posted record revenue of \$US349,073,000 (\$A336,799,000) for the three months to March 31, 2012, up 11 percent compared to the previous corresponding period. Resmed said that net profit after tax was \$US64,613,000, up 21 percent for the three months to March 31, 2012.

Resmed said diluted earnings per share was 44 US cents for the three months, a 29.4 percent increase over the three months to March 31, 2011.

The company said research and development expenditure for the quarter was \$US28,398,000 million, or 8.1 percent of revenue.

Resmed climbed 18 cents or 5.8 percent to \$3.26 with 10 million shares traded.

TYRIAN DIAGNOSTICS

Tyrian says Bayer Cropscience AG will pay a final cash payment of \$US325,000 and both parties are released from all claims and liability relating to terminated agreements.

Tyrian and Bayer had agreements to develop and commercialize agricultural diagnostics using Tyrian's Diagnostiq platform, which followed the development of tests for tuberculosis and prostate cancer (BD: Sep 2, Oct 15, 2009; Jun 16, 2010; Aug 24, 2011).

The company said the Bayer agreements including a licence agreement, development and evaluation agreement and supply agreement relating to Diagnostiq tests and Readers for defined agricultural fields.

Tyrian said the first product, the Readrite Alpha Amylase wheat quality test, completed development with positive results in field testing and Bayer might continue development and sales of this test in selected markets.

Tyrian said it had granted Bayer a new non-exclusive licence to its Diagnostiq test platform to allow Bayer to continue to commercialize the test and Reader for an alpha amylase wheat quality test and Tyrian would earn royalties on net sales.

Tyrian said it had "dramatically reduced its operating costs and has been focused on licencing or selling its technology assets with a view to identifying a new strategic corporate direction for the company".

Earlier this year Tyrian's key staff including chief executive officer Dr Jenny Harry and chief scientific officer Dr Robyn Lindner resigned (BD: Feb 24, 2012).

Tyrian fell 0.1 cents or 50 percent to 0.1 cents with 16.2 million shares traded.

CONSEGNA GROUP

Consegna says it will issue 25,000,000 shares to Ozpharma to take total control of the Linguet technology.

Consegna chairman Rod Tomlinson told Biotech Daily that the issue of the shares terminated a call option over Lingual Consegna, a wholly-owned subsidiary created to hold the Linguet technology.

Consegna managing director Fabio Pannuti said that the share issue "affirms Consegna's ongoing rights to the Linguet [intellectual property] to facilitate any future transactional step".

Last year Consegna (then Helicon Group) acquired the intellectual property associated with Ozpharma's buccal Linguet tablet technology for \$50,000, shares and royalties and a call option over the subsidiary company formed to hold the technology (BD: Jun 29, 2011).

Consegna was up 0.2 cents or 7.1 percent to three cents with two million shares traded.

ACRUX

Allan Gray Australia, formerly Orbis Investment Management, has reduced its substantial holding in Acrux from 17,912,892 shares (10.76%) to 16,201,958 shares (9.73%).

Allan Gray said it bought and sold shares between March 23, and April 5, 2012, with the single largest sale 1,625,570 shares for \$6,470,370 or \$3.98 a share.

Acrux fell six cents or 1.5 percent to \$3.99.

CIRCADIAN

Select Asset Management says it has ceased its substantial holding in Circadian with the sale of 55,801 shares for \$28,302 or an average price of 50.7 cents a share.

In its previous change of substantial shareholder notice, the Sydney-based Select reduced its holding from 2,769,943 shares (6.12%) to 2,364,401 shares (5.10%) selling 405,542 shares for \$306,363 or an average price of 75.5 cents a share (BD: Nov 30, 2010).

Circadian was up one cent or 1.9 percent to 54 cents.

BIO-MELBOURNE NETWORK

The Bio-Melbourne Network says its May 8, 2012 Bio-Breakfast will examine the global bio-repository and bio-banking industry expected to be worth \$US23.9 billion by 2015.

The Network said that bio-banking resources and services in the US alone were expected to reach \$US44.6 billion in 2025 and the number of stored samples were increasing by 100-200 million each year.

The network said that Bluechiip chief executive officer Brett Schwartz would discuss why bio-banked collections were increasingly valued by medical researchers and drug developers with the pharmaceutical industry investing significant resources in the banking sector.

The Bio-Melbourne Network said that Mr Schwartz would examine the potential benefits to the pharmaceutical and biotechnology industry and the commercialization opportunity bio-banking presented.

"The business of bio-banking is one of the emerging commercial opportunities of the next decade and Australia cannot afford to miss out," Mr Schwartz said.

Bluechiip is commercializing a sample tracking device for bio-banks.

The Network said the Victorian Cancer Biobank had been operating for five years and had become the largest, open access cancer repository in Australia, with an inventory of more than 350,000 specimens.

The Network said that the Biobank's quality and training manager Paul Pinto Correia would discuss the sustainability of public bio-banking and how it compared to private bio-banks.

The May 8 Bio-Breakfast will be held at the Australian Centre for the Moving Image, Federation Square, Melbourne, with registration and buffet breakfast from 7:15am for a presentation at 8am.

For information and to book online go to: <http://www.biomelbourne.org/events/view/226>.