



Biotech Daily

Friday June 15, 2012

Daily news on ASX-listed biotechnology companies

- * **ASX UP, BIOTECH DOWN: GENETIC TECH UP 9%; SUNSHINE DOWN 12%**
- * **BIONOMICS, MERCK SERONO END MS CO-DEVELOPMENT**
- * **VIRAX, 4G DEAL COLLAPSES**
- * **ATCOR RAISES \$1m**
- * **PRIMA CEO-ELECT MATTHEW LEHMAN MEETS INVESTORS; TIMELINES**
- * **BIOXYNE TAKES HI-164OV TRIAL RESULTS HALT TO SUSPENSION**
- * **QUEENSLAND UNI'S PROF MARK KENDALL WINS \$100k ROLEX GONG**
- * **BIO-MELBOURNE BREAKFASTS ON THE FUTURE OF CRC PROGRAM**
- * **SAFETY MEDICAL GOES GOLD MINING IN BRAZIL**

MARKET REPORT

The Australian stock market climbed 0.37 percent on Friday June 15, 2012 with the S&P ASX 200 up 15.1 points to 4,057.3 points. Twelve of the Biotech Daily Top 40 stocks were up, 14 fell, eight traded unchanged and six were untraded. All three Big Caps fell.

Genetic Technologies was the best, up one cent or 8.7 percent to 12.5 cents with 396,737 shares traded, followed by Bionomics up 8.1 percent to 33.5 cents with 228,257 shares traded.

Phosphagenics climbed 7.7 percent; Cellmid and QRX were up more than six percent; Antisense was up 5.9 percent; Anteo was up 4.7 percent; Alchemia was up 3.5 percent; Pharmaxis rose 2.9 percent; with Acrux, Biota and Heartware up by less than one percent.

Sunshine Heart led the falls, down 0.3 cents or 11.5 percent to 2.3 cents, with 40,000 shares traded, followed by Patrys down 10 percent to 2.7 cents with 1.4 million shares traded.

Impedimed and Universal Biosensors lost more than six percent; Benitec fell 5.6 percent; Prima and Tissue Therapies fell four percent or more; Mesoblast and Starpharma were down more than three percent; Bioniche, Optiscan, Psivida and Reva shed more than two percent; Resmed was down 1.25 percent; with Cochlear, CSL and Sirtex down by less than one percent.

BIONOMICS

Bionomics and the Darmstadt, Germany-based Merck Serono have ended the partnership to develop the Kv1.3 program for multiple sclerosis "by mutual agreement".

Bionomics said the original agreement included development for other autoimmune candidates based on compounds from the Kv1.3 potassium ion channel program and the company retained "sole worldwide rights to develop and commercialize compounds jointly discovered with Merck Serono" and intended to accelerate the multiple sclerosis program. In 2008 Bionomics said Merck Serono would pay multiples of \$50 million to develop treatments for multiple sclerosis and other autoimmune conditions based on compounds from the Kv1.3 program (BD: Jun 19, 2008).

Bionomics said at that time that it would receive an upfront payment of \$US2 million and research funding with Merck Serono funding all development activities.

Today, Bionomics chief executive officer Dr Deborah Rathjen told Biotech Daily that she had "a great level of enthusiasm" for Kv1.3 program and was looking at areas beyond multiple sclerosis in the \$40 billion a year immuno-modulator market.

Dr Rathjen said that she was "looking to a number of areas for partnerships".

Bionomics described Kv1.3 as an immune system modulator and a target found on human immune cells, associated with nerve cell damage in patients with multiple sclerosis.

In a media release, Dr Rathjen said the company would "add new Kv1.3 applications including rheumatoid arthritis, psoriasis and uveitis"

"The collaboration identified orally active compounds over which Bionomics retains sole commercialization rights," Dr Rathjen said.

Bionomics was up 2.5 cents or 8.1 percent to 33.5 cents.

VIRAX HOLDINGS

Virax says that despite lengthy negotiations with 4G Vaccines Pty Ltd the share purchase agreement has been terminated.

Virax said it reserved all rights in respect of the termination, including claims in respect of a cost undertaking.

In March, Virax said it would merge with 4G to form a cancer immunotherapeutic company with two clinical stage products (BD: Mar 1, 2012).

Virax said at that time that 4G's lead product FG-004 was developed at the Burnet Institute in Melbourne and the University of Melbourne and had clinical validation and data supportive of an efficacy signal in breast cancer clinical trials, with broad potential applicability in tumors including breast, prostate, lung, ovarian and colorectal cancers

Today, Virax said it intended to pursue other acquisition alternatives "with the view to restructuring its existing convertible notes and delivering value to its shareholders and noteholders".

The company said that any new proposed restructure of the existing convertible notes and discussions with other acquisition alternatives could have a significant impact and it had requested its ASX voluntary suspension continue.

Virax said since signing a share purchase agreement with 4G Vaccines, it had obtained convertible noteholder approval to restructure the terms of issue of the notes to permit the transaction, subject to the completion of the acquisition.

Virax said it was "extremely disappointed with this development".

Virax said there was an ongoing dispute with 4G and it was also in confidential discussions regarding an alternative acquisition opportunity, which could have a material impact.

Virax last traded at 0.9 cents.

ATCOR MEDICAL

Atcor says it has raised \$1 million from sophisticated and institutional investors as well as its directors and executives at six cents a share.

Atcor said that settlement of the placement component of \$823,000 or 13,716,668 shares was scheduled for June 21, 2012 with the remaining director component subject to shareholder approval at a meeting to be held by mid-August.

The company said the funds were for the roll-out of the reimbursement code in the US and support its co-development program with Suntech Medical and working capital.

Atcor fell one cent or 11.1 percent to eight cents.

PRIMA BIOMED

Prima chief executive officer-elect Matthew Lehman says he expects results from a 63 patient phase II trial of CVac for ovarian cancer in about 12 months.

Prima formally introduced Mr Lehman at an investor briefing in Sydney today.

Mr Lehman was appointed chief operating officer in 2010 and last month was appointed chief executive officer effective from September 1 (BD: Jan 22, 2010; May 24, 2012).

In the webcast and teleconferenced meeting, Mr Lehman detailed the company's program including last week's closure of the Dubai business activities and Cripto-1 antibody program (BD: Jun 8, 2012).

Mr Lehman told the meeting that the CVac program was a platform technology and that by being able to use frozen cells, the company could supply a year of drug doses from a single collection.

Mr Lehman told Biotech Daily that the placebo-controlled unblinded US and Australian trial had recruited all patients by September 2011 and expected the last dose of the 12-month course to be administered in September or October 2012, with results in about 12 months (BD: Feb 1, Sep 12, 2011).

Mr Lehman said the company was still defining time-lines for the European phase III trial which enrolled its first patient in February (BD: Feb 3, 2012).

Mr Lehman told the shareholder meeting that using subcutaneous injections of CVac rather than intra-venous infusion made the drug more readily available at medical clinics and in outpatient treatment.

Mr Lehman said there was little competition in the ovarian cancer vaccine market and none in later stage development.

Prima chief medical officer Dr Neil Frazer said that it was his decision to resign as a director and that he was "one hundred and ten percent committed" to the development of CVac.

Dr Frazer provided the meeting with details of the safety profile of CVac.

Prima fell half a cent or 4.2 percent to 11.5 cents with 3.7 million shares traded.

BIOXYNE

Bioxyne has requested a voluntary suspension to follow the trading halt it requested on June 13, pending the results of its phase IIb trial of HI-164OV for chronic obstructive pulmonary disease (BD: Jun 13, 2012).

Bioxyne last traded at 24 cents.

UNIVERSITY OF QUEENSLAND

The University of Queensland's Prof Mark Kendall has won the \$100,000 Rolex Laureate, for his development of the Nanopatch needle-free vaccine delivery device.

A media release from the University of Queensland said that Prof Kendall was a researcher at the University's Australian Institute for Bioengineering and Nanotechnology and was the driving force behind the Nanopatch.

Prof Kendall said the Nanopatch could improve the performance and reach of vaccines by replacing needles with a patch smaller than a postage stamp to deliver vaccines painlessly and more efficiently.

The University media release said the Nanopatch had thousands of small projections designed to deliver the vaccine to immune cells in the skin, whereas the syringe delivered to the muscle, where there were few immune cells.

The University said that Prof Kendall co-founded Vaxxas in 2011 with a \$15 million investment to advance the Nanopatch to clinical testing and product development.

The University said it would match the award develop the Nanopatch to improve access to vaccines in low-resource regions.

BIO-MELBOURNE NETWORK

The Bio-Melbourne Network says the future of the Cooperative Research Centre program will be explored at the July 3, 2012 Bio-Breakfast.

The Network said the Cooperative Research Centres Association of Australia chief executive officer Prof Tony Peacock would discuss the program's future as it approaches its 21-year anniversary.

The Network said the CRC initiative was designed to encourage industry and public sector research bodies to collaborate and provide research concentration for world-class teams and prepare Ph D graduates for non-academic careers.

The Network said that Prof Peacock would discuss what the future holds for the program and explore whether Australia has progressed from the model.

The July 3, 2012 Bio-Breakfast will be held at Cinema 1, Australian Centre for the Moving Image, Federation Square, Melbourne, with registration from 7:15am.

For more information go to: <http://www.biomelbourne.org/events/view/239>.

SAFETY MEDICAL PRODUCTS

Safety Medical says it has a heads of agreement to acquire Kisara Gold Pty Ltd and its wholly owned Brazilian subsidiary Mineração Caiçara Ltda.

Safety Medical said Mineração Caiçara held the Silvina Gold Project in Bahia, Brazil.

Last year, Safety Medical said research for a review of its Securetouch syringe showed a continuing demand for safer syringes, but it would go copper and gold mining instead (BD: Dec 2, 2011).

The company said at that time that it had reviewed its patent families and decided to allow all patents to lapse other than two core patent families and that it had an option to acquire two tenements in the Three Rivers area of north western Australia with copper and gold the most likely commodities of interest.

Safety Medical was up 0.3 cents or 50 percent to 0.9 cents.