



Biotech Daily

Monday October 22, 2012

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH DOWN: OPTISCAN UP 9%, ANTISENSE DOWN 6%**
- * **FEDERAL ARC, CRC GRANTS 'PROTECTED', ESCAPE 'REVIEW'**
- * **BIOTA INVESTORS DILUTED 25% FOR US LISTING, \$26m**
- * **UNIVERSAL BIOSENSORS QUARTER STRIP FEES UP 291% TO \$555k**
- * **VIRALYTICS DOSES 13 OF 63 PHASE II CAVATAK MELANOMA PATIENTS**
- * **CHINA ALLOWS BENITEC RNAi HEPATITIS C PATENT**
- * **STARPHARMA AGM FOR 960k CEO 'PERFORMANCE RIGHTS'**
- * **ALLIED HEALTH AGM FOR \$115K DIRECTORS' SHARES IN LIEU OF PAY**
- * **CIRCADIAN AGM FOR 88k M-D 'PERFORMANCE' SHARES**
- * **MEDICAL DEVELOPMENTS APPOINTS WENDY GOUVEIA CO SEC**

MARKET REPORT

The Australian stock market fell 0.66 percent on Monday October 22, 2012 with the S&P ASX 200 down 30.1 points to 4,541.0 points.

Six of the Biotech Daily Top 40 stocks were up, 17 fell, nine traded unchanged and eight were untraded. All three Big Caps fell.

Optiscan was the best, up 0.8 cents or 9.4 percent to 9.3 cents with 13,500 shares traded.

Cellmid climbed 6.7 percent; Pharmaxis and Prima were up more than three percent; Universal Biosensors was up 1.2 percent; with Sirtex up 0.7 percent.

Antisense led the falls, down 0.1 cents or 6.25 percent to 1.5 cents with 12.6 million shares traded.

Prana lost 5.2 percent; Clinuvel and Phylogica fell more than four percent; Acrux, Avita, Biota and Tissue Therapies were down three percent or more; Heartware, Nanosonics, Neuren, Resmed and Reva shed two percent or more; Bionomics, CSL, Living Cell and QRX were down more than one percent; with Alchemia, Cochlear and Mesoblast down by less than one percent.

FEDERAL GOVERNMENT

The Minister for Science and Research Senator Chris Evans says Australian Research Council and Cooperative Research Centres grants have not been cut.

A spokeswoman for Senator Evans told Biotech Daily that Australian Research Council and Cooperative Research Centre grants frozen in last month's 'review' had been "protected" (BD: Sep 19, 2012).

The spokeswoman said that there were no cuts to the ARC or CRC grants, in today's mid-year economic and fiscal outlook statement by Treasurer Wayne Swan.

A media release from Senator Evans said research and university funding "remains at record levels".

Senator Evans said that the Federal Government would "maintain its record investment in research, higher education and student support despite falling revenues and difficult budget conditions".

"This Government has invested more than \$43.2 billion in core university funding from 2008 to 2011 - that's a 50 percent increase on the previous four years under the Howard government," Senator Evans said. "In the four years from 2012 to 2015 we will invest a further \$58.9 billion - that's \$30.1 billion in additional funding for universities, more than double the level of funding under the last four years of the Howard Government."

Senator Evans said that the Federal Government would "continue to ensure Australia remains at the forefront of science and research".

"That's why we have guaranteed that more than \$1 billion in grants will be delivered this financial year," Senator Evans said.

"There has been no change to the level of grants allocated to the Australian Research Council and Cooperative Research Centres," Senator Evans said.

"Close to \$880 million in ARC Discovery and Linkage grants and \$154 million in CRC grants will support the research effort, ensuring continuity for ongoing projects as well as new investment in key scientific and research priorities," Senator Evans said.

BIOTA

Biota says shareholders will receive 0.749778075 of a share in Biota Pharmaceuticals Inc for each Biota share held on the record date of November 6, 2012

Biota said that under its merger agreement with Nabi Biopharmaceuticals the 10-day volume weighted average sale price to October 19, 2012 was 70.33 US cents (68.30 Australian cents) (BD: Apr 23, 2012).

Last month, Biota said that US resistance to the Nabi takeover forced it to halve the cash it would receive from \$US54 million to \$US27 million (\$A26.16 million) (BD Sep 18, 2012).

Today, Biota said the 10 five-day volume weighted average price was used to calculate the exchange ratio of Nabi shares for Biota shares and also to determine the percentage of the merged group Biota Pharmaceuticals to be held by existing Nabi shareholders and existing Biota shareholders immediately prior to the merger.

The company said that on the implementation of the merger and assuming that Nabi had not conducted a share consolidation, Biota shareholders would receive 0.749778075 of a share in Biota Pharmaceuticals for each Biota share held on November 6, 2012.

Biota said that on implementation, Biota shareholders and Nabi shareholders would hold about 83 percent and 17 percent respectively of Biota Pharmaceuticals.

The company said that if Nabi conducted a share consolidation prior to the merger, the total number of shares on issue could alter and hence the number of shares an individual shareholder would receive in Biota Pharmaceuticals would similarly change.

Biota fell two cents or three percent to 65 cents.

UNIVERSAL BIOSENSORS

Universal Biosensors says that glucose test strip sales fees increased 291 percent to \$555,000 for the three months to September 30, 2012, taking total revenue to \$8,282,167. In its quarterly statement, Universal Biosensors said that for the nine months to September 30, 2012 the company earned \$22,138,993, in royalties, service fees for the sale of the test strips and milestone payments.

The company said that service fees increased 321 percent to \$1.6 million for the nine months to September 30, 2012 compared to the previous corresponding period.

Universal Biosensors said it received a \$US1.5 million milestone payment from Siemens in the three months period.

Universal Biosensors was up one cent or 1.2 percent to 85 cents.

VIRALYTICS

Viralytics says 13 of 63 patients have been dosed in its phase II trial of Cavatak (Coxsackievirus A21) for late stage melanoma.

Viralytics said that three of the 13 patients had demonstrated immune-related progression-free survival at six months; two patients had moved onto the extension study and five were being treated with Cavatak but had not been enrolled long enough to assess six-month progression-free survival or eligibility for the extension study.

The company said that the extension study would provide continued treatment for subjects who displayed a clinical benefit from Cavatak, even after their treatment is completed.

Viralytics chief medical officer Dr Jeffrey Weisberg said that a move onto the extension trial was "a positive sign for Cavatak".

The company said that it had added four more US cancer centres: St Mary Medical Centre in San Francisco; Rush University Medical Centre in Chicago; Moores UCSD Cancer Centres in San Diego; and Atlantic Melanoma Centre in New Jersey.

Viralytics chief scientific officer Prof Darren Shafren said the company was "keen to increase subject recruitment for the study and expect to see an acceleration of recruitment as a result of these new trial sites coming on-board".

The company said that the primary objective of the phase II trial was immune-related progression-free survival at six months observed in about 12 to 14 of the 63 patients.

Viralytics was unchanged at 33 cents.

BENITEC BIOPHARMA

Benitec says China has allowed its patent entitled 'Multiple promoter expression cassettes for simultaneous delivery of RNAi agents'.

Benitec said that the allowed claims protected a multiple promoter expression construct that encoded RNAi agents of three key sequences used by its recently re-acquired hepatitis C virus gene silencing molecule, TT-034 (BD: Oct 11, 2012).

The company said that further sequences would be the subject of separate applications.

Benitec said that its DNA-directed RNA interference (ddRNAi) gene silencing technology was capable of specifically turning off any gene, particularly those causing or progressing disease.

Benitec chief executive officer Dr Peter French said the additional patent grant "supports our decision to acquire Tacere".

"Our patent position in China for TT-034 is very strong, and we intend to advance the entry of it into the clinic as soon as possible," Dr French said.

Benitec was unchanged at 1.5 cents.

STARPHARMA

Starpharma shareholders will vote to issue 960,000 conditional 'performance rights' to chief executive officer Dr Jackie Fairley.

Starpharma said the rights would be vested in five tranches between September 30, 2013 and November 30, 2015, each with conditions relating to share price and/or development milestones.

The company said shareholders would also vote on the remuneration report and the re-election of directors Ross Dobinson, Dr Peter Jenkins and Peter Turvey.

The meeting will be held at Norton Rose, level 15, RACV Tower, 485 Bourke Street, Melbourne, on November 30, 2012 at 10am (AEDT).

Starpharma was unchanged at \$1.49.

ALLIED HEALTHCARE GROUP

Allied Health shareholders will vote to issues up to \$115,000 in shares to directors Christopher Catlow, Graeme Rowley and Peter Turvey, in lieu of fees.

Allied said shareholders would also vote on the ratification of a prior placement of 66,666,667 shares at three cents a share, as well as 5,800,000 options and 2,176,470 shares to employees, and the company's employee option plan.

The company said shareholders would also vote on the remuneration report and the re-election of directors Michael Bennett and Mr Turvey.

The meeting will be held at the Duxton Hotel, 1 St Georges Terrace, Perth, Western Australia, on November 20, 2012 at 10am (AWST).

Allied Health was unchanged at 2.5 cents.

CIRCADIAN TECHNOLOGIES

Circadian shareholders will vote to issues up to 88,226 'performance shares' to managing director Robert Klupacs.

Circadian said the shares would be issued at 38.4 cents a share.

The company said that the remuneration committee determined that an award of about 40 percent of Mr Klupacs full entitlement was warranted for the year to June 30, 2012 and of the entitlement of \$84,484, the company paid 25 percent in cash in August 2012.

Circadian said that subject to shareholder approval Mr Klupacs had agreed to accept the performance shares in payment of the remaining 75 percent his entitlement.

The company said shareholders would also vote on the remuneration report and the re-election of director Dominique Fisher.

The meeting will be held at Computershare Conference Centre, 452 Johnson Street, Abbotsford, Victoria, on November 20, 2012 at 11am (AEDT).

Circadian was untraded at 37 cents.

MEDICAL DEVELOPMENTS INTERNATIONAL

Medical Developments has appointed Wendy Gouveia as company secretary.

Medical Developments was up four cents or 2.7 percent to \$1.54.