



Biotech Daily

Tuesday October 9, 2012

Daily news on ASX-listed biotechnology companies

- * **ASX UP, BIOTECH DOWN: PRANA UP 17%, GENERA DOWN 13%**
- * **VAXXAS, MERCK & CO NANOPATCH VACCINE DEAL**
- * **MAYNE, METRICS ACQUISITION AGM**
- * **NANOSONICS M-D RIGHTS, PLACEMENT, GE NOTES AGM**
- * **VIRALYTICS LOSES CO SEC TOM ROWE**
- * **BIO-MELBOURNE ENVIRONMENT, SOCIAL IMPACT BREAKFAST**

MARKET REPORT

The Australian stock market climbed 0.52 percent on Tuesday October 9, 2012 with the S&P ASX 200 up 23.4 points to 4,505.3 points.

Ten of the Biotech Daily Top 40 stocks were up, 13 fell, 14 traded unchanged and three were untraded.

Prana was the best, up 3.5 cents or 16.7 percent to 24.5 cents with 1.3 million shares traded, followed by Avita up 12 percent to 14 cents with 259,622 shares traded.

Pharmaxis climbed 6.3 percent; Phosphagenics was up four percent; Universal Biosensors and Uscom were up more than three percent; Prima rose 2.9 percent; Cochlear and CSL were up more than one percent; with Bioniche, Clinuvel and Sirtex up by less than one percent.

Genera led the falls, down two cents or 13.3 percent to 13 cents with 9,567 shares traded.

Genetic Technologies lost 8.3 percent; Impedimed was down 6.25 percent; Allied Health fell four percent; Biota, Sunshine Heart and Tissue Therapies were down more than two percent; Living Cell, Resmed and Reva were down more than one percent; with Acrux, Mesoblast, QRX and Starpharma down by less than one percent.

VAXXAS

Brisbane-based Vaxxas says it has signed a research collaboration with the US-based Merck & Co to develop its skin patch vaccine delivery technology.

Vaxxas said the value of the deal was undisclosed but Merck & Co, known as Merck Sharp and Dohme (MSD) outside the US, would evaluate its Nanopatch platform “that induces an immune system response by targeting the immunological cells immediately below the surface of the skin”.

Vaxxas said it had granted Merck an exclusive licence for the Nanopatch platform for commercial production of an undisclosed vaccine candidate.

The company said that Merck would pay an undisclosed upfront fee and provide funding to Vaxxas to conduct research evaluating the potential of the Nanopatch platform for the Merck vaccine candidate.

Vaxxas said it would be eligible to receive additional payments associated with Merck exercising its option to the Nanopatch technology for the development and commercialization of vaccine candidates for up to two additional fields.

The company said that it would also be eligible to receive development and regulatory milestone payments for any Merck vaccine candidate that used the Nanopatch platform as well as royalties on sales.

Vaxxas said the Nanopatch was invented in 2003 by the University of Queensland Australian Institute for Bioengineering and Nanotechnology’s Prof Mark Kendall and was developed with the help of \$13 million in University of Queensland, Australian Government and Queensland State Government research grants over eight years.

Vaxxas said that the University of Queensland’s commercialization company, Uniquist, led the initial commercialization of Nanopatch and in August 2011 formed Vaxxas as a venture backed company.

The company said that in 2011 Vaxxas raised \$16 million from a consortium of investors that included Oneventures, Brandon Capital, the Medical Research Commercialisation Fund and US venture firm Health Care Ventures (BD: Aug 2, 2011).

Vaxxas said that Oneventures and Brandon Capital were supported by the Australian Government through the Innovation Investment Fund program.

Vaxxas said the Nanopatch’s ultra-high density array of projections, dry-coated with vaccine was “a pain-free method of vaccine delivery ... shown in preclinical studies to result in a protective immunogenic response, using as little as one hundredth of the dose required by conventional needle and syringe”.

The company said the “robust immune response ... may also enable reduction or elimination of additives such as adjuvants [and] proprietary dry-coating of vaccine to the Nanopatch may eliminate the need for refrigeration during storage and transportation”.

Vaxxas chief executive officer David Hoey said the collaboration “underscores the potential of our Nanopatch platform to effectively deliver advanced vaccines and supports our strategic approach of partnering with leaders in vaccine development”.

University of Queensland vice-chancellor Prof Peter Høj said the partnership was “a tremendous credit to the team of researchers who developed the technology, led by Prof Mark Kendall”.

“This link-up with Merck is especially inspiring, because it may lead to the relief of serious health problems, particularly in remote and developing regions,” Prof Peter Høj said.” In the immediate term, it will employ more people in Brisbane’s innovation economy, and boost the global reputation of Queensland and Australian [research and development].”

Prof Kendall said the partnership with Merck was “a big step forward towards the Nanopatch becoming a vaccine delivery product”.

Vaxxas is a private company.

MAYNE PHARMA

Mayne shareholders will vote on 11 resolutions, mostly related to fund-raising for the acquisition of Metrics Inc, at the company's annual general meeting (BD: Oct 4, 2012). Mayne said shareholders would be asked to ratify a series of placements at 20 cents a share, including those to institutional investors, Metrics shareholders and institutional investors, as well as Mayne directors Bruce Mathieson, Scott Richards and chairman Roger Corbett.

The company said that other resolutions to the meeting included the re-election of Mr Corbett and Ronald Best and the election as a Mayne director of Metrics founder Phillip Hodges.

Mayne said shareholders would vote on the remuneration report as well as an employee share option plan.

The meeting will be held at Minter Ellison, Level 23, 525 Collins Street, Melbourne, on November 9, 2012 at 10am (AEDT).

Mayne fell 0.5 cents or two percent to 24.5 cents with 1.1 million shares traded.

NANOSONICS

Nanosonics shareholders will vote on the conditional issue of 1,220,000 performance rights to managing director Dr Ron Weinberger at the company's annual general meeting. Nanosonics said that the issue of the rights were conditional on the company attaining revenue of more than \$50 million in the year ending June 30, 2015 and a net profit after tax of at least 12 percent of that revenue.

The company said that half the performance rights would be issued and converted in reaching the hurdle and vest on August 31, 2015 and the remainder would vest 12 months later, should Dr Weinberger remain employed by the company at August 31, 2016.

Nanosonics shareholders will also vote on a termination pay package for Dr Weinberger.

The company said that other resolutions to the meeting were the ratification of a prior placement raising \$15,500,000 and two tranches of convertible notes to GE Capital worth \$7.5 million and converting at 75 cents a share.

Nanosonics said that other resolutions to the meeting included the re-election of directors Michael Cavanagh and Richard England as well the remuneration report.

The meeting will be held at the Menzies Hotel, 14 Carrington Street, Sydney, on November 9, 2012 at 11am (AEDT).

Nanosonics was unchanged at 48.5 cents.

VIRALYTICS

Viralytics says that company secretary Tom Rowe has resigned, effective immediately.

The company said that Sarah Prince continued as company secretary.

Viralytics was unchanged at 24 cents.

BIO-MELBOURNE NETWORK

The Bio-Melbourne Network October Bio-Breakfast discuss the impact of economic and social factors on African AIDS patient care in developing a prognostic test for CD4 T-cells. Bio-Melbourne Network chief executive officer Michelle Gallaher said that “too few biotech companies are aware of the importance of local environmental factors when launching a new product”.

“Behavioral and environmental research is just as important as proving the unmet clinical need, Ms Gallaher said.

“Companies should be investing in a greater understanding of the market in which a potential product will be positioned, user behavior, cultural and social issues and product presentation as they will impact on the uptake of any innovation product,” Ms Gallaher said.

The Bio-Melbourne Network said that the Burnet Institute’s deputy director Prof David Anderson would discuss the importance of understanding the economic and social environment for delivery of patient care in AIDS affected African communities, so as to successfully develop the HIV prognostic test for CD4 T-cells.

The Network said that the University of Melbourne Nossal Institute for Global Health Prof Cameron Simmons would speak about the development of approaches to diagnose, treat and prevent dengue.

The Network said Prof Simmons would give novel insights into the environment in which dengue treatments are administered and the factors that need to be considered for treatment and prevention success.

For more information go to: <http://www.biomelbourne.org/events/view/252>.