



Biotech Daily

Friday November 30, 2012

Daily news on ASX-listed biotechnology companies

- * **ASX UP , BIOTECH EVEN: SUNSHINE UP 9%, TISSUE DOWN 12%**
- * **NEUREN: NNZ-2566 EFFICACY IN FRAGILE X SYNDROME MOUSE MODEL**
- * **CONSEGNA \$5m TRIPLE A BREATHEASSIST LICENCE TERMINATED**
- * **STARPHARMA 79% REVOLT AGAINST ROSS DOBINSON**
- * **AVITA 40% DISSENT AGAINST CHAIRMAN DALTON GOODING**
- * **ELLEX LOSES 2nd STRIKE, DEFEATS SPILL VOTE**
- * **CONSEGNA AGM FACES 24% AGAINST REMUNERATION**
- * **ACUVAX EX-CEO DR WILLIAM ARDREY FOR COUNTY COURT PLEA**
- * **EASTLAND VOTES TO BECOME SUDA**
- * **PRAKASH PATEL REPLACES NUSEP M-D DR HARI NAIR**
- * **GENESIS APPOINTS HOUWEN (TINA) TAN DIRECTOR**

MARKET REPORT

The Australian stock market was up 0.63 percent on Friday November 30, 2012 with the S&P ASX 200 up 28.3 points to 4,506.0 points. Twelve of the Biotech Daily Top 40 stocks were up, 12 fell, 10 traded unchanged and six were untraded.

Sunshine Heart was the best, up 0.3 cents or 9.4 percent to 3.5 cents with 1.3 million shares traded. Patrys climbed 7.9 percent; Clinuvel, Heartware and Pharmaxis were up more than six percent; Acrux was up 5.5 percent; Prana and QRX rose more than two percent; Bionomics and Nanosonics were up more than one percent; with Cochlear, Mesoblast, Resmed and Starpharma up by less than one percent.

Tissue Therapies led the falls, down 3.5 cents or 11.9 percent to 26 cents with 571,082 shares traded. Impedimed lost 9.1 percent; Benitec fell 7.1 percent; Reva was down 6.4 percent; Phylogica fell four percent; Alchemia and Avita were down more than three percent; Neuren shed 2.6 percent; Circadian, Optiscan and Viralytics were down more than one percent; with CSL and Sirtex down by less than one percent.

NEUREN PHARMACEUTICALS

Neuren says that a study of NNZ-2566 in a mouse model of fragile X syndrome showed beneficial changes to anatomic and behavioral symptoms.

Neuren said that fragile X syndrome was the most common form of inherited intellectual disability and had many overlapping features with autism spectrum disorders.

The company said the data was presented at the Therapeutic Area Partnerships conference in Boston, Massachusetts by Neuren's head of clinical development and medical affairs Dr Joe Horrigan and the presentation would be posted on its website.

Dr Horrigan said the positive changes in behavior and anatomy "were very clear, at targeted exposures that we believe are similar to what might be therapeutic for patients". "How well these improvements could translate into what patients might experience is unknown at present," Dr Horrigan said.

"However, when these new findings are viewed together with our existing preclinical data, they build confidence in the potential for NNZ-2566 to be a valuable medicine in the treatment of neuro-developmental disorders such as Rett and fragile X syndromes," Dr Horrigan said.

"This is important for patients and families because, at the current time, consistently helpful medicines are lacking for individuals affected by these conditions," Dr Horrigan said. "NNZ-2566 represents a new and distinct therapeutic approach in this field."

"Also, it is possible that benefit in treating these less common disorders may predict benefit in treating the more common types of autism, in light of the similar pathophysiology," he said. "But that concept will need to be formally tested."

Neuren said that fragile X syndrome affected one in 4,000 males and one in 8,000 females and was caused by a single gene defect on the X chromosome that impacted the FMRP protein, responsible for regulating the synapses of nerve cells.

The company said it had completed five phase I safety and pharmacokinetics studies with NNZ-2566 and it appeared safe and well-tolerated in healthy volunteers.

Neuren said the investigational new drug application for a phase II study of NNZ-2566 in adolescents and adults with Rett syndrome was recently filed and the company was considering additional trials in other autism spectrum or neuro-developmental disorders. Neuren fell 0.1 cents or 2.6 percent to 3.7 cents with 4.8 million shares traded.

CONSEGNA GROUP

Consegna says that licence negotiations with Triple A Holdings for its Breatheassist product have terminated.

Consegna said "it was unlikely that an acceptable commercial agreement would be reached" but there was interest from other parties in the product.

Last month Consegna said the parties were working towards a definitive agreement by October 31, 2012 which would call for payments of \$5 million for the licence and first year royalty with further minimum payments to Consegna of \$3 million in the second year, \$5 million in the third year, \$7 million in the fourth year and \$10 million in the fifth year or 25 percent of gross profit each year, whichever was greater (BD: Oct 3, 2012).

Triple A chairman Stan Thomas said at that time that he was "really excited that we have found a way to work together to exploit the full potential of the Breatheassist product range and I remain cautiously optimistic that given the depth of the due diligence that is now behind us and our developing relationship, that the definitive agreement should be achievable by the end of the month".

Consegna fell 0.1 cents or 16.7 percent to 0.5 cents with 2.8 million shares traded.

STARPHARMA

Starpharma data shows that had director Ross Dobinson not resigned he faced 124,963,300 votes (79.3%) against his re-election and 32,633,056 votes (20.7%) in favor. Mr Dobinson resigned from the company yesterday (BD: Nov 29, 2012).

All other resolutions to the annual general meeting were passed overwhelmingly except a resolution granting 960,000 conditional performance rights to chief executive officer Dr Jackie Fairley which was supported by 147,642,859 votes and opposed by 12,501,125 votes (BD: Oct 22, 2012).

Starpharma's most recent Appendix 3B share issue announcement said there were 283,640,060 shares on issue, meaning that the opposition to Dr Fairley's performance rights came from 4.4 percent of all shares on issue, not sufficient to requisition extraordinary general meetings.

The opposition to Mr Dobinson came from 44.1 percent of all Starpharma shares on offer. According to the company's 2012 annual report, the top four shareholders are hidden behind nominee companies, but under substantial shareholders, Acorn Capital held 36,614,463 shares at July 31, 2012, Orbis Investment Management (Allan Gray) held 23,151,172 shares, M&G Investment Funds held 25,310,817 shares and the Dow Chemical Co held 14,406,827 shares.

Starpharma recovered one cent or 0.9 percent to \$1.16 with 1.7 million shares traded.

AVITA MEDICAL

All Avita annual general meeting resolutions were passed but there was 40 percent opposition to the re-election of chairman Dalton Gooding.

Mr Gooding was re-elected with 69,493,384 votes (60.0%) in favor and 46,515,141 votes (40.0%) against.

The remuneration report was passed overwhelmingly as were resolutions to elect directors Jeremy Curnock Cook and Matt McNamara of Octa Phillip.

A resolution to provide a 10 percent placement capacity was opposed by about eight percent of the votes.

The company's most recent Appendix 3B new issue announcement said that Avita had 298,996,145 shares on issue, meaning that the votes against Mr Gooding amounted to 15.6 percent of the company, sufficient to requisition extraordinary general meetings.

Avita fell half a cent or 3.6 percent to 13.5 cents.

ELLEX MEDICAL LASERS

Ellex shareholders voted against the remuneration report, prompting a 'second strike' spill motion, yesterday, November 29, 2012, which was opposed by 5,764,256 votes (32.2%) and supported by 12,147,774 votes (67.8%).

Last year, the remuneration report vote was lost with 6,042,041 proxy votes (62.64%) against and 2,195,804 proxy votes (37.36%) in favor (BD: Nov 24, 2011).

Yesterday, the resolution to spill the board was defeated with 11,506,749 votes opposed and 6,345,299 opposed.

Malcolm Plunkett was re-elected as a director on 'a show of hands' with 29,550,433 proxy votes for and 5,572,548 votes against.

The company's 2012 annual report said that Ellex had 84,910,345 shares on issue, meaning that the votes for the spill resolution amounted to 7.5 percent of the company, sufficient to requisition extraordinary general meetings.

Ellex was unchanged at 19.5 cents.

CONSEGNA

Consegna survived a first strike on its remuneration report with 23.95 percent opposition, but all resolutions at the annual general meeting were carried.

Consegna said that 40,512,830 proxy votes (23.95%) opposed the company's remuneration plan and 128,635,023 proxy votes (76.05%) in favor.

Assuming that all 52,297,281 proxy votes at the chairman's discretion voted in favor of the report, the dissent would have been 18.3 percent.

Simon Reading was elected a director with half a million votes against and 262.5 million votes in favor, while there were no votes against the election of former Prima chief executive officer Martin Rogers as a director, with resolutions on prior share and option issues and a placement capacity passed by more than 248 million votes in favor and 9.4 million votes against.

The company said that resolutions to approve 1,000,000 convertible notes and 50,000,000 options were opposed by 40.5 million votes, with 231.5 million votes in favor. Consegna's most recent Appendix 3B share issue announcement said there were 1,050,662,555 shares on issue, meaning that the strongest opposition came from 3.9 percent of all shares on issue, not sufficient to requisition extraordinary general meetings.

EASTLAND MEDICAL SYSTEMS

Eastland's annual general meeting has passed all resolutions including the change of name to Suda Ltd.

Eastland chief executive officer Stephen Carter told Biotech Daily that the company would take the name change and change of ASX code request through the regulatory process.

Mr Carter said he hoped to have a new ASX code by the end of 2103.

Eastland has been developing a sublingual delivery of Artimist for paediatric malaria.

Eastland was unchanged at 3.3 cents.

NUSEP

Nusep says Prakash Patel will replace Dr Hari Nair as group managing director and Dr Nair will continue as a non-executive deputy chairman.

Nusep said Clifford Eu had been appointed as a non-executive director.

Nusep fell 0.6 cents or nine percent to 6.1 cents.

ACUVAX

Former Acuvax chief executive officer Dr William Ardrey has been remanded to appear at the Perth County Court on February 22, 2013, on undisclosed bail conditions.

An officer of the Perth Magistrates Court told Biotech Daily that Dr Ardrey had been charged with 19 counts of gaining benefit through fraudulent means, not 22 counts as previously reported (BD: Feb 28, Apr 20, Jul 20, 2012).

Western Australia Police have told Biotech Daily that Dr Ardrey had appeared at the Perth Magistrates Court for a committal hearing and undisclosed bail conditions had been set.

Western Australia Police said the complainant in the matter was Phoenix Eagle a company described as a small biotechnology company involved in therapeutic cosmetics.

In 2006, Dr Ardrey was appointed chief executive officer of Avantogen, which later became Acuvax, and prior to that was the chief executive officer of Regenera, which later became Advanced Ocular (BD: Aug 29, 2006).

Acuvax was untraded at 0.1 cents.

GENESIS RESEARCH AND DEVELOPMENT CORP

Genesis says that Houwen (Tina) Tan has been appointed a director of the company. Genesis said Ms Tan was a New Zealand resident active in developing business links between New Zealand and China.

The company said that Ms Tan was not an independent director.

Genesis was suspended and untraded at 1.9 cents.