Biotech Daily

Friday November 22, 2013

Daily news on ASX-listed biotechnology companies

*** ASX, BIOTECH UP: LIVING CELL UP 21%, TISSUE THERAPIES DOWN 6%**

*** BIOTA CLOSES ANTIBIOTIC PROGRAMS**

*** ACRUX TAKES HEXIMA DRUGS FOR TRANSDERMAL ROUTE**

*** PROXY ADVISORS AND AGMS**

*** UP TO 28% OF ACRUX OPPOSE CHAIRMAN ROSS DOBINSON OPTIONS**

*** UP TO 35% OF CELLMID OPPOSE CEO MARIA HALASZ LOAN SHARES**

*** STARPHARMA BLAMES 'PROXY ADVISORS' FOR CONSTITUTION VOTE**

MARKET REPORT

The Australian stock market climbed 0.9 percent on Friday November 22, 2013 with the S&P ASX 200 up 47.6 points to 5,335.9 points.

Twenty-one of the Biotech Daily Top 40 stocks were up, 13 fell, five traded unchanged and one was untraded. All three Big Caps were up.

Living Cell was the best, up 1.9 cents or 20.9 percent to 11 cents with 3.2 million shares traded, followed by Genetic Technologies up 11.3 percent to 6.9 cents with 93,000 shares traded and Avita up 10 percent to 11 cents with 80,273 shares traded.

Anteo climbed 8.3 percent; Prima was up 7.9 percent; Allied Health and Antisense were up more than six percent; Impedimed was up 5.7 percent; Benitec, Phosphagenics and Reva were up more than four percent; Bionomics, IDT and Patrys were up more than three percent; Psivida rose 2.2 percent; Alchemia, Compumedics, Mesoblast and Sirtex were up more than one percent; with Cochlear, CSL, Osprey, Resmed and Starpharma up by less than one percent.

Tissue Therapies led the falls, down 1.5 cents or 6.4 percent to 22 cents with 452,300 shares traded.

Phylogica lost five percent; Medical Developments fell 3.7 percent; Atcor, Cellmid, Circadian, Ellex and GI Dynamics shed two percent or more; Acrux, Clinuvel and Prana were down more than one percent; with QRX and Universal Biosensors down by less than one percent.

BIOTA PHARMACEUTICALS

Biota says it will suspend immediately investment in its preclinical antibiotic program and continue to seek collaborations or licence agreements for the program.

Biota said it made this decision “based upon its ongoing assessment of the company’s strategy and development programs” and the move would “result in a reduction in the company’s workforce and the termination of certain associated contracts”.

The company said that the reduction in the workforce and the termination of the associated contracts would incur about $US2.9 million ($A3.155 million) with ongoing annual operating costs reduced by about $US4.5 million.

In April, Biota said it would cut 30 percent of its staff and shift focus from early-stage research to clinical-stage development (BD: Apr 17, 2013).

Biota said at that time that it would continue development of laninamivir octanoate for influenza A and B infections under the Office of Biomedical Advanced Research and Development Authority (BARDA) contract and reduce preclinical programs by focusing activities on developing an oral antiviral for respiratory syncytial virus and an oral and intravenous antibiotic targeting gyrase and topoisomerase IV (GyrB/ParE) with activity against gram-negative and multi-drug resistant bacterial pathogens.

Last night on the Nasdaq, Biota fell seven US cents or 1.75 percent to $US3.93 ($A4.27, equivalent to 53.4 cents pre-merger) with 9,207 shares traded.

ACRUX

Acrux says its pipeline includes non-melanoma skin cancer and anti-fungal drugs to be licenced from agriculture company Hexima.

Acrux executive chairman Ross Dobinson is also Hexima’s executive chairman.

In annual general meeting materials posted on the ASX attributed to chief operating officer Dr Clive Blower, Acrux said that it intended “to develop novel therapeutics for non-melanoma skin cancers using propriety anti-cancer molecules developed by Hexima”.

The company said that in Australia, the number of non-melanoma skin cancers increased from 412,000 in 1997 to 767,000 in 2010 and the cancers were “expected to increase substantially in all developed countries”.

Acrux said the collaboration with Hexima would combine Hexima’s lead molecules with its transdermal delivery technology.

The Acrux meeting materials said that the company would “develop novel therapies for fungal infections using proprietary fungicidal molecules developed by Hexima”.

The company said “the market for human antifungal therapies was valued at $US10.2 billion in 2008”.

In October, Dr Blower told Biotech Daily that Acrux had three compounds under investigation with two proof-of-concept stage compounds, a transdermal drug for cancer being investigated with a leading Melbourne-based cancer centre, the second in “another big market segment” and the third compound at the formulation stage and targeting transdermal pain management (BD: Oct 7, 2013).

Hexima’s website describes the company as “an ag-biotech company actively engaged in the research and development of technology for the genetic modification of crops, primarily to enhance their resistance to insects and fungal pathogens”.

Hexima said its three most advanced technologies were fungal resistance technology, insect resistance technology and gene delivery technology.

Hexima said it raised $40 million in an initial public offer to list on the ASX in 2007 and delisted in 2011.

Acrux fell three cents or 1.2 percent to $2.43 with one million shares traded.

PROXY ADVISORS

Biotech Daily has noted that a number of annual general meetings have had significant votes against placement capacity approvals, board positions and other issues.

Starpharma has cited the actions of 'proxy advisors' for the withdrawal of a resolution to reduce the number of directors on its board from 15 to seven directors.

Australian Shareholders Association policy and engagement coordinator Stephen Mayne told Biotech Daily there were good reasons for advising shareholders on placement capacity, board size and other issues.

Mr Mayne said that limiting the size of the board made it difficult to change directors.

Mr Mayne said that a placement capacity of 15 percent of the shares on issue was more than sufficient and further diluting the "property rights" of existing shareholders was banned in the UK and further raisings should be offered first to existing shareholders.

Mr Mayne said that in general principle he opposed the issue of loan shares.

Mr Mayne said that the Australia Shareholders' Association was developing a comprehensive policy that he hoped would be finalized in March 2014.

ACRUX

The Acrux annual general meeting voted strong dissent against the grant of 600,000 options to executive chairman Ross Dobinson.

The resolution, to provide the options, exercisable at $4.30 by July 31, 2016, was opposed by 23,657,409 votes (27.9%), with 61,158,417 votes (72.1%) in favor.

The company's most recent Appendix 3B new issue announcement said that Acrux had 166,521,711 shares on issue, meaning that the votes against Mr Dobinson's options amounted to 14.2 percent of the company, sufficient to requisition extraordinary general meetings.

The remuneration report and the re-election of Mr Dobinson were passed with more than 82 million votes in favor and 2.9 million votes against.

Director Timothy Oldham was re-elected with 86.7 million votes in favor and 1.15 million votes against.

STARPHARMA HOLDINGS

Starpharma says it withdrew an annual general meeting resolution for a new constitution saying that 'proxy advisors' opposed the reduction of the size of the board.

Starpharma said the resolution required a 75 percent majority and it would not receive that support.

The company said its constitution had not been updated since 2004 and "understands that two proxy advisors were concerned about the proposed reduction in the maximum size of the board from 15 to seven directors".

Starpharma said that seven directors was "an appropriate number given the nature and scale of the company's business and … in keeping with the typical board size of most comparable companies in the sector".

The company said it would engage with shareholders and their proxy advisors to clarify any concerns regarding the size of the board.

Starpharma began its annual general meeting at 4pm today and at the time of publication had not release its proxy votes to the ASX.

A report on the meeting results will be in Monday's edition.

Starpharma was up half a cent or 0.6 percent to 88.5 cents.

CELLMID
Up to 35.2 percent of votes at the Cellmid annual general meeting opposed the issue of loan shares to chief executive officer Maria Halasz.
In October, Cellmid proposed to issue Ms Halasz 12,000,000 loan shares worth $360,000 in three tranches over three years, pending clinical and revenue hurdles, valued at the five-day volume weighted average price to October 15, 2013 of three cents a share and interest-free for five years (BD: Oct 21, 2013)
The company said at that time that one-third of the loan shares would be issued on revenue exceeding $4 million over a 12-month period; a further third for the first patient enrolled in a midkine antibody clinical trial; and the final third pending a diagnostic or therapeutic licence or a distribution deal for its hair loss products outside Japan and Australia.
The resolution, to provide the loan shares was opposed by 86,951,716 votes (35.2%), with 160,138,378 votes (64.8%) in favor.
The company's most recent Appendix 3B new issue announcement said that Cellmid had 650,470,078 shares on issue, meaning that the votes against Ms Halasz's shares amounted to 13.4 percent of the company, sufficient to requisition extraordinary general meetings.
A similar margin votes against the additional capacity to issue placement shares with 54.6 million votes opposing the issue of shares for the Advangen hair loss treatment acquisition, but with 215.0 million in favor.
All other resolutions including the approval of the remuneration report, the re-election of chair David King and the prior issue of shares for the acquisition of Advangen were passed overwhelmingly.
Cellmid fell 0.1 cents or 2.4 percent to 4.1 cents with 5.1 million shares traded.