



# Biotech Daily

Monday October 5, 2009

*Daily news on ASX-listed biotechnology companies*

- \* **ASX DOWN, BIOTECH UP: VIRALYTICS UP 11%; PSIVIDA DOWN 9%**
- \* **BIOGUIDE BRIEF: CRUNCH TIME FOR AVEXA'S APRICITABINE**
- \* **NEW BOARD AT DIA-B WILL PURSUE WINTERAY**
- \* **FORTREND PROVIDES \$30m TO KEEP DIA-B IN BIOTECH**
- \* **HEALTHLINX RAISES \$7m NOTE FROM NEW YORK'S SPRINGTREE**
- \* **GENETIC TECHNOLOGIES APPOINTS DR MALCOLM BRANDON DIRECTOR**
- \* **AGENIX APPOINTS GRAEME TYSHING CHIEF FINANCIAL OFFICER**
- \* **HELICON REINSTATED AS BIOTECH-DISTRIBUTOR, GOLD-MINER**
- \* **UNILIFE EXTENDS CAPITAL RAISING HALT TO SUSPENSION**
- \* **NORWOOD ABBEY SETTLES WITH MAJOR CREDITOR**

## MARKET REPORT

The Australian stock market fell 0.33 percent on Monday October 5, 2009 with the S&P ASX 200 down 15.0 points to 4586.7 points. Eighteen of the Biotech Daily Top 40 stocks were up, 12 fell, five traded unchanged and five were untraded. All three Big Caps fell.

Viralytics was best, up 0.3 cents or 11.1 percent to three cents with 114,000 shares traded, followed by Clinuvel up 10.6 percent to 36.5 cents and Phylogica up 10 percent to 11 cents.

Optiscan climbed 9.1 percent; Antisense and Circadian were up more than six percent; Starpharma was up 5.8 percent; Avexa, Benitec, Prana and Tyrian were up more than four percent; Bionomics and Genera were up more than three percent; Alchemia, Compumedics and Impedimed rose more than two percent; Peplin was up 1.1 percent; with Acrux up 0.3 percent.

Psivida led the falls, down 34 cents or 9.1 percent to \$3.40 on low volumes, followed by Phosphagenics down eight percent to 9.2 cents with 2.35 million shares traded. Novogen lost 6.9 percent; Cytopia fell 4.55 percent; Chemgenex, Heartware, Sunshine Heart and Tissue Therapies shed more than two percent; Biota and Mesoblast lost more than one percent; with Cochlear, CSL, Pharmaxis, Resmed and Sirtex down less than one percent.

## [MARC SINATRA'S BIOGUIDE BRIEF: AVEXA](#)

Although mildly surprising, Avexa's move to close the phase III trial of its anti-HIV drug apricitabine (ATC) is understandable.

Until Avexa closed the trial, it was in real need of additional funding. In January this year, an independent expert found that Avexa was likely to require \$70 million in additional capital to complete development of ATC.

Given that only \$18 million has been raised since then, a substantial amount of capital would need to be found in what remains a difficult capital raising environment.

The company said it closed the trial to gain an insight into ATC's likely role in HIV treatment and how that might impact its regulatory approval path, while also providing enough solid data on ATC's performance for potential partners to make a decision.

ATC already has fast track status from the FDA, so it is unlikely that Avexa will find a substantially quicker and cheaper route to market. I believe Avexa is taking its last shot at licencing the drug.

Given they have been trying to licence apricitabine for quite a while, the data provided by the shortened trial will need to be pretty good for Avexa to be able to cut a deal.

Should they fail, however, there should still be enough money in the kitty to further their other projects.

**Marc Sinatra  
Analyst**

Avexa climbed half a cent or 4.55 percent to 11.5 cents with 1.7.3 million shares traded.

\* Biotech Daily editor David Langsam owns Avexa shares.

## [DIA-B TECH](#)

Dia-B Tech says that following the default of the Pallane Medical underwriting by Winteray Capital convertible note holder Trafalgar Capital will take control of the company.

Dia-B said Trafalgar Capital Specialized Investment Fund would convert the majority of the debt holdings into equity, subject to shareholder approval.

Dia-B said it had issued 1,250,000 shares at 12 cents a share to raise \$150,000.

The company said the capital "was issued to sources working with Trafalgar to secure the future of the company".

Chairman Dr Michael Wooldridge, director Neil Hewitt and chief executive officer Ken Smith have resigned.

Dia-B said the new board would have members from the capital raising consortium and Trafalgar including chairman Ravindran Govindran, directors Sam Di-Giacomo, Joanna Broeders and Peter Joseph Stafford, with Wojtek Luke Randla as company secretary.

The new board said it would "seek to enforce Dia-B's claims against Winteray Capital and Winteray Limited for unprecedented breaches of their obligations under the underwriting agreement" (BD: Aug 11, 2009).

Dia-B is suspended from trading.

## DIA-B TECH

Dia-B says it has secured a \$30 million draw-down equity facility from Fortrend Securities and will continue as a biotechnology company.

In a media release to the ASX, the company said the drawn down facility would allow "Dia-B Tech to continue its immediate operations, and most particularly, its ambitious commercialization program and other opportunities in the medical field".

## HEALTHLINX

Healthlinx says it has secured a three-year \$7.23 million convertible note at zero interest, from Springtree Special Opportunities Fund for its Ovplex ovarian cancer diagnostic.

Healthlinx said the funds would be used to commercialize the test and fund the second multi-centre biomarker trial in Australia, Singapore and the United Kingdom.

Healthlinx said Springtree was a New York-based investment fund that invested in small and mid capitalization public companies.

In July, Springtree provided a \$25.5 million convertible note to Prima for its work on an ovarian cancer vaccine (BD: Jul 21, 2009).

At that time Prima's executive director Martin Rogers told Biotech Daily that Springtree's parent companies were boutique investment firms Broadstreet Capital and Abundance Capital using Springtree as a vehicle for funding the off-shore (Australian) company. In today's announcement Healthlinx said New York's KTA Capital LLC acted as the financial advisor for the transaction.

The company said the first tranche of \$230,000 had been advanced and subsequent tranches of no less than \$60,000 and subject to Healthlinx' consent no more than \$200,000 would be advanced monthly.

The note is convertible at conversion prices that are linked to the market price of the Healthlinx shares with "certain minimum conversion price protections for Healthlinx" which can opt to repay in cash, rather than in shares, the amount outstanding at any time if the conversion price at which Healthlinx would otherwise be issuing shares to the investor were to be lower than a specified price.

Healthlinx said the investor had agreed to a 19.99 percent limit on its ownership.

Healthlinx managing director Nick Gatsios said the funding would "allow the company to focus on core activity and achieve internal and external milestones, without the need to devote valuable resources to capital raising activities"

"It is exciting to see that US investment groups are looking at our company as a company that can deliver high returns with first in class technology," Mr Gatsios said.

"It also vindicates the company's ability to deliver value for shareholders through its existing product Ovplex and future targets such as prostate cancer diagnostics," he said.

Mr Gatsios said Healthlinx would "finalize agreements with collaborators in the United Kingdom and Singapore to commence collection of samples that will allow for the completion of the multi centre study in which 1150 samples will be used to determine sensitivity and specificity of the Ovplex panel".

"Furthermore, the company will also be further validating two novel biomarkers HTX005 and HTX010 in the larger trial," Mr Gatsios said.

"Based on preliminary phase II biomarker studies, inclusion of these two novel biomarkers suggest that the panel's performance will be increased to greater than 97 percent diagnostic efficiency which will clearly place Healthlinx and Ovplex as the market leader," Mr Gatsios said.

Healthlinx was up 1.1 cents or 12.5 percent to 9.9 cents.

### GENETIC TECHNOLOGIES

Genetic Technologies has appointed Dr Malcolm Brandon as a non-executive director. Genetic Technologies said Dr Brandon had spent his career in the biotechnology and life sciences sector with more than “35 years experience in commercially focused research and development and in building successful companies”.

The company said Dr Brandon was the founding director of the University of Melbourne’s Centre for Animal Biotechnology and was co-founder and director of Stem Cell Sciences which was delisted following its acquisition by Stemcells Inc (BD: Sep 16, 2009).

The company said Dr Brandon was a director of Smart Drug Systems Inc and was the managing director of genetics and artificial animal breeding company Clone International. Genetic Technologies was unchanged at 5.2 cents.

### AGENIX

Agenix has appointed Graeme Tyshing as chief financial officer.

Agenix said Mr Tyshing was a director of Melbourne accounting firm, William Buck. Agenix is in a voluntary suspension from trading.

### HELICON GROUP

The ASX says Helicon has been reinstated to trading following its “announcement regarding of a change of activities”.

On October 2, 2009 Helicon said it would retain its China biotechnology interests while funding a Peruvian gold and copper mine.

Helicon also markets and distribute western developed medical technologies in China, including Avita’s Recell wound treatment (BD: Aug 17, 2009).

Helicon was untraded at 13.5 cents.

### UNILIFE MEDICAL SOLUTIONS

Unilife has requested a suspension to follow on from the trading halt requested on October 1, 2009 relating to a capital raising.

Unilife last traded at \$1.38.

### NORWOOD ABBEY

Norwood Abbey says it has entered into a settlement deed with major creditor TER in a mix of cash and shares.

At the time of publication Biotech Daily was unable to determine TER’s identity or quantify the settlement.

In its preliminary final report for the year to June 30, 2009, Norwood Abbey said it had total liabilities of \$2,232,749 comprising trade and other payables of \$1,664,210 borrowings of \$525,000 and provisions of \$43,539.

Norwood Abbey said proceedings initiated by TER had been discontinued and all liabilities would be extinguished subject to the company issuing the share component at the earlier of the completion of the China coal transaction or February 26, 2010.

Norwood is suspended from ASX trading.

Biotech Daily can be contacted at: PO Box 5000, Carlton, Victoria, Australia, 3053  
email: [editor@biotechdaily.com.au](mailto:editor@biotechdaily.com.au) [www.biotechdaily.com.au](http://www.biotechdaily.com.au)