



# Biotech Daily

Thursday May 20, 2010

*Daily news on ASX-listed biotechnology companies*

- \* **ASX, BIOTECH DOWN: OPTISCAN UP 9%; CELLMID DOWN 12%**
- \* **QUEENSLAND, ELI LILLY CREATE \$250m BIOTECH FUND**
- \* **ADVANCED SURGICAL ADVANCES EUROPEAN DISTRIBUTION**
- \* **URI RATNER REPLACES AVEXA DIRECTOR JOE BAINI, VOTE PENDING**
- \* **AVIVA CEASES SUBSTANTIAL IN MESOBLAST**
- \* **ORBIS INCREASES TO 17% OF IMPEDIMED**
- \* **JM FINANCIAL CEASES IN CLINUVEL**

## MARKET REPORT

The Australian stock market fell 1.6 percent on Thursday May 20, 2010 with the S&P ASX 200 down 70.6 points to 4316.5 points.

Ten of the Biotech Daily Top 40 stocks were up, 15 fell, eight traded unchanged and seven were untraded.

Optiscan was best, up 0.5 cents or 9.1 percent to six cents with 134,278 shares traded.

Antisense and Novogen both climbed 6.25 percent; Avexa, Cathrx, Cellestis and Circadian were up more than three percent; CSL and Patrys were up more than one percent; with Biota, Cochlear and QRX up by less than one percent.

Cellmid led the falls, down 0.3 cents or 12.0 percent to 2.2 cents with 2.7 million shares traded, followed by Living Cell down two cents or 7.1 percent to 26 cents with 249,850 shares traded.

Impedimed lost 6.1 percent; Clinuvel fell 5.7 percent; LBT, Mesoblast, Nanosonics, Prana and Prima were down more than three percent; Benitec, Phosphagenics and Starpharma shed more than two percent; with Bionomics and Pharmaxis down more than one percent.

## QUEENSLAND GOVERNMENT

Queensland Premier Anna Bligh says her Government has created a \$250 million venture capital fund with Eli Lilly and other US partners to support the biotechnology industry. A Queensland Government media release said the State was investing \$25 million in the venture capital fund and Eli Lilly would contribute up to 20 percent of the total funding, with other strategic investors participating.

"Today represents a turning point in support for home-grown ideas and innovation," Ms Bligh said. "We have just secured a major venture capital fund with several prominent names in the US to provide the financial muscle needed to bring Queensland ideas and innovation to the commercial stage right at home in our own backyard.

"By keeping the innovation in Queensland, our scientists and researchers will be able to secure even more of the \$US5 trillion (\$A6,000 billion) intellectual property rights market in the US," Ms Bligh said.

"This is a huge opportunity to drive investment in ideas that will create businesses - and jobs - in regional economies, such as in Queensland's tropical north," Ms Bligh said.

"We are making a strategic investment of \$25 million in this venture capital fund because it goes to the heart of our vision of having a strong Queensland economy powered by bright ideas. These funds are sourced from the Future Growth Fund," she said.

"We have a plan to make Queensland's biotechnology industry worth \$20 billion and employ 16,000 people by 2025 - and today's announcement is a giant step forward," Ms Bligh said.

Ms Bligh said the fund would have its Asia-Pacific headquarters in Brisbane but would invest throughout Australia and South East Asia.

The media release said Eli Lilly was discovering and developing medicines for people with unmet needs in cancer, depression, diabetes, cardiovascular and Alzheimer's diseases and the company had substantial links in Queensland.

Eli Lilly Australia's director of corporate affairs and health economics Peter Vermeer said the alliance recognized "the many high quality investment opportunities arising from Queensland's universities and research institutes".

"We see enormous potential in Queensland's biotechnology sector," Mr Vermeer said.

"This alliance will bring together leading industry players in Queensland, the US and Asia so that emerging Queensland biotechnology companies have access to the funds, advice and partnership opportunities they need to advance their technology to commercialization," Mr Vermeer said.

## ADVANCED SURGICAL DESIGN AND MANUFACTURE

Advanced Surgical says it has signed a memorandum of understanding with its UK distributor, ASDM UK (formerly OSI) to trade directly into the UK and Europe.

Advanced Surgical said it would gain control of the distributor in Great Britain and its distribution contracts for the region.

Advanced Surgical's chief executive officer Dr Greg Roger said the company had been working in conjunction with the UK company for more than four years "and with our growth initiatives taking shape it is the right time for ASDM to have direct representation in the region."

ASDM UK's managing director Dennis Hodgetts said his company was "committed to the active total knee replacement (TKR) system and believe that under this structure we will be able to deliver other innovations to this market along with the excellent surgeon-friendly instrumentation and implants currently in use".

Advanced Surgical was untraded at 42 cents.

## [AVEXA](#)

Avexa says Uri Ratner has been appointed an independent non-executive director effective from May 19, 2010, replacing Joe Baini.

Avexa said Mr Baini "cited an inability to commit the required time to support the efforts of the board as the reason for his decision".

Earlier this month, Avexa closed its lead program developing apricitabine or ATC for HIV, announced the resignation of chief executive officer Dr Julian Chick and said it had received a call to remove chairman Nathan Drona (BD: May 10, 2010) from the board.

Avexa said at that time that there would be staff reductions, but did not specifically announce the immediate departure of its chief scientist and ATC inventor Dr Jonathan Coates, or the departure of the senior vice-president of drug development Dr Susan Cox. Today, Avexa said the call to remove Mr Drona included "a resolution that any board member appointed between May 6, 2010 and the date of the general meeting be removed".

"Due to the timing of Mr Ratner's appointment, this will mean that a resolution will be required to put to shareholders at the proposed general meeting for his removal," Avexa said.

The company said the board would unanimously recommend shareholders vote against that resolution.

"We would like to thank Mr Baini for his support of the unanimous board decisions to close the ATC phase III trial and to cease any further development of ATC, following the unsuccessful conclusion of partnering discussions with global pharmaceutical companies and the decision to undertake a strategic review in relation to all aspects of the business," Avexa said.

The company said the appointment of Mr Ratner "was made on the basis that the board considered it appropriate to increase the life science investment experience... for the benefit of Avexa and its shareholders".

Avexa said that over the past 14 years Mr Ratner had been a portfolio manager for institutional life science funds including Passport, Castle Creek and Kilkenny.

The company said Mr Ratner had an academic background in molecular biology and his investment focus was infectious diseases and in particular, HIV.

Avexa said that "in his former capacity as a portfolio manager at a major US based fund, Mr Ratner represented Avexa's largest shareholder".

Biotech Daily believes the unnamed fund to be the San Francisco-based Passport Capital, but was not aware that it had been Avexa's largest shareholder.

Biotech Daily spoke with Avexa chairman Nathan Drona but was unable to clarify the issue.

Avexa said it was conducting a strategic review following the apricitabine program closure and Mr Ratner would play an integral role in the analysis of its remaining assets and in the evaluation of merger and acquisition opportunities and other corporate transactions.

Avexa was up 0.1 cents or 3.3 percent to 3.1 cents with 3.6 million shares traded.

## [MESOBLAST](#)

Aviva Investors Australia has ceased its substantial shareholding in Mesoblast selling 584,040 shares for \$1,233,051 shares or an average price of \$2.11 per share.

Aviva said it traded the shares, including one acquisition of shares between January 20, 2010 and May 18, 2010.

Mesoblast fell 6.5 cents or 3.25 percent to \$1.935.

### IMPEDIMED

Orbis Investment Management has increased its substantial shareholding in Impedimed from 15,957,092 shares (14.65%) to 22,683,111 shares (16.71%).

Orbis said in the substantial shareholder notice that it acquired 6,726,019 shares for \$4,375,187 or an average price of 65.05 cents.

Impedimed fell four cents or 6.1 percent to 62 cents.

### CLINUVEL

J M Financial Group has ceased its substantial shareholding in Clinuvel in trading between November 18, 2008 and May 18, 2010.

J M Financial bought and sold shares during that time.

Clinuvel fell 1.5 cents or 5.7 percent to 25 cents.