



Biotech Daily

Thursday November 11, 2010

Daily news on ASX-listed biotechnology companies

- * **ASX UP, BIOTECH DOWN: PSIVIDA UP 10.5%; GENERA DOWN 8.5%**
- * **START-UP AUSTRALIA OFFERS 28% OF BIONOMICS TO HIGHEST BIDDER**
- * **AVEXA INVESTS \$1.5m IN ALLIED MEDICAL FOR CORIDON VACCINES**
- * **CIRCADIAN SETTLES ARK IP CASE, GAINS PAYMENTS FOR LICENCE**
- * **GENETIC TECH SETTLES INNOGENETICS NON-CODING DNA DISPUTE**
- * **SELECT VACCINES VOTES ON 288m RECOVERY PLACEMENT SHARES**
- * **BIOTA RELEASES 2.4m ESCROW SHARES**
- * **SIGNIFICANT DISSENT AT CIRCADIAN AGM**
- * **IM MEDICAL APPOINTS PETER JESS DIRECTOR**
- * **WEHI AWARDS DR GUILLAUME LESSENE \$150,000 FELLOWSHIP**
- * **KARMELSONIX APPOINTS FRANCE, SCANDINAVIA DISTRIBUTORS**

MARKET REPORT

The Australian stock market was up 0.61 percent on Thursday November 11, 2010 with the S&P ASX 200 up 28.8 points to 4728.6 points. Twelve Biotech Daily Top 40 stocks were up, 15 fell, five traded unchanged and eight were untraded.

Psivida was best, up 55 cents or 10.5 percent to \$5.80 with 1,775 shares traded, followed by Patrys up 8.3 percent to 13 cents with 885,236 shares traded.

Living Cell climbed 5.1 percent; Bionomics was up 4.8 percent; Prana and Tissue Therapies were up more than three percent; Nanosonics rose 2.3 percent; with Acrux, Cellestis, CSL and Mesoblast up more than one percent.

Genera led the falls, down four cents or 8.5 percent to 43 cents with 2,000 shares traded.

Benitec and Sunshine Heart lost more than six percent; Phosphagenics fell 4.35 percent; Alchemia, Cellmid, Chemgenex, Circadian and Prima were down more than three percent; LBT and Viralytics shed more than two percent; with Cochlear, Immuron, QRX and Starpharma down more than one percent.

BIONOMICS. START-UP AUSTRALIA VENTURE

Start-up Australia says it will sell its 27.76 percent stake in Bionomics, triggering a take-over of the company.

Start-Up Australia's managing-director Dr George Jessup said in a media release that despite reaching significant developmental milestones the company's share price did not reflect its value.

"Bionomics has made great progress over the past few years in advancing BNC105 into phase II clinical trials for mesothelioma and renal cancer, its anxiety drug BNC210 into phase I trials and progressing with its multiple sclerosis partnership with Merck Serono," Dr Jessup said.

"The market has not rewarded the company for the progress that it has made," Dr Jessup said. "We believe the broader international market will value the company more highly and our intention in inviting tenders is to obtain a value for all shareholders that reflects the value of the company's assets."

The announcement said that tender offers would be accepted until 5pm on March 31, 2011, but Start-Up Australia "reserves the right to amend this timetable at any time without obligation to notify any other parties".

Dr Jessup told Biotech Daily that if a significant offer was received it could be accepted ahead of the deadline.

Dr Jessup said there were "sufficient significant clinical results over the coming months to drive interest in the company".

"There's a hunger for new products among the big pharmaceutical companies," Dr Jessup said.

Bionomics said it expected to report results of phase II trials of its vascular disruption agent for solid tumors BNC105 for renal cell cancer by April 2011 and for mesothelioma, by July 2011, with anti-anxiety drug BNC210 in two European phase Ib trials expected to report results also by April 2011.

Start-Up Australia said that the invitation to tender was made in accordance with Regulatory Guide 102 issued by the Australian Securities and Investments Commission which sets out circumstances in which ASIC will provide relief from certain sections of the Corporations Act 2001, in order to facilitate the sale of 20 percent or more of the voting shares in a company.

The company said the successful tenderer must subsequently make a takeover bid for all the ordinary shares in Bionomics and the process recognized that a large shareholder might be in a position to receive a control premium and was designed to ensure minority shareholders received an opportunity to accept the same price as the large shareholder. Start-up Australia said New York and London based investment banking group Ferghana Partners had been appointed to assist in the sale process.

Start-Up said that eligible tenderers would need to apply to ASIC to obtain relief in accordance with Regulatory Guide 102 and said that ASIC had provided non-binding advice that it had not identified any reason why ASIC would not grant a prospective tenderer exemptions from the relevant sections of the Corporations Act 2001 to tender for and acquire the shares if successful.

A final decision may be subject to conditions

Start-Up said the tender invitation was at: www.start-up.com.au/Invitation.pdf.

In a separate announcement Bionomics directors said they would "assess the implications of the tender process and any resulting takeover bid and will keep shareholders of Bionomics informed of developments".

"Shareholders need take no action at this time," Bionomics said.

Bionomics was up 1.5 cents or 4.8 percent to 33 cents with 5.3 million shares traded.

AVEXA, ALLIED MEDICAL

Avexa says it will spend \$1.5 million of its remaining \$22.5 million cash on a 24 percent stake in Allied Medical, “an unlisted public medical device and biotechnology company”. Avexa did not say in its media release to the ASX whether the investment was recommended by the independent experts report being compiled by the Bioadvisory Group (BD: Sep 2, 2010).

No one from Avexa was available to discuss the acquisition at the time of publication. The company said that Allied Medical’s major shareholder was Andrew Forrest the executive director of Fortescue Metals Group.

Avexa said Allied Medical had a major interest in Coridon Pty Ltd, a vaccines-focused research and development company started by Prof Ian Frazer.

Funds raised from Avexa’s investment in Allied Medical will be used to pursue the Coridon technology.

In July, Allied Medical said it would raise \$6 million to boost Coridon’s development of DNA immunotherapies, beginning with herpes simplex virus 2.

Allied Medical said at that time that Coridon was a spin out from Queensland University through its commercialization arm Uniquist and directors included Uniquist general managers Andrew Davis and Dr Dean Moss, with chairman Prof Ian Frazer, the inventor of CSL’s Gardasil vaccine for human papillomavirus (BD: Jul 20, 2010).

Avexa said it had agreed to pay Allied Medical the \$1.5 million in two tranches with the first tranche of \$750,000 to be paid immediately, giving Avexa a 14 percent share of Allied Medical.

Avexa said it would have the right to appoint one director to the Allied Medical board which had three directors.

The company said the second tranche, which was conditional on Allied Medical proceeding to an ASX listing, would increase Avexa’s stake to a potential 24 percent.

Avexa chairman Joe Bains said the company was “drawn to Allied Medical because of its profitable business and growth potential, the quality of its management and board led by director Andrew Forrest and in particular the core science in Coridon, developed by Prof Frazer and his colleagues in Brisbane”.

“Coridon’s infectious diseases programs are complementary to and have synergies with Avexa’s programs,” Mr Bains said.

Avexa said Coridon’s technology could be applied to several infectious diseases including herpes simplex virus 2 or genital herpes, human papillomavirus or hepatitis C virus or beyond in the treatment of some cancers.

Avexa said Coridon was developing dual-action vaccines that offered potential prophylactic and therapeutic benefits.

The company said the platform technology had the potential for a new generation of vaccines that prevented disease onset, like a typical vaccine, and had a therapeutic component that could potentially treat those already infected.

Avexa’s interim chief executive officer and chief scientific officer Dr Jonathan Coates said that Coridon’s technology was “very exciting”.

“The potential to make a new-generation Gardasil-like vaccine that not only vaccinates against a disease, but also potentially treats those that have not had the vaccine is hugely significant,” Dr Coates said.

Avexa was up 0.4 cents or 9.5 percent to 4.6 cents with six million shares traded.

CIRCADIAN TECHNOLOGIES

Circadian says it has “amicably settled” the arbitration proceedings instituted against Ark Therapeutics subsidiary Lymphatix relating to Trinam.

In October 2009, Circadian said its subsidiary Vegenics had terminated the licence granted to Ark under its VEGF-D gene therapy intellectual property to exploit Ark’s product Trinam, for the non-payment of fees (BD: Oct 29, 2009).

Circadian said at that time that Trinam was in phase III clinical trials as a treatment to extend the functioning of intravenous access grafts used by kidney dialysis patients.

Today, Circadian said that both parties agreed to terminate the arbitration process and bear their own costs.

Circadian said that Vegenics would receive an increased annual licence payment and royalties on any commercialization income generated from Trinam.

In return, Vegenics has granted Lymphatix an exclusive worldwide licence under its VEGF-D patent portfolio for VEGF-D gene therapy products including Trinam.

Circadian said Ark had announced that it would seek partners to fund ongoing clinical development of the molecule.

Circadian fell two cents or 3.3 percent to 59 cents.

GENETIC TECHNOLOGIES

Genetic Technologies says it has settled another dispute relating to its non-coding patents, this time with the Belgium-based Innogenetics NV.

Genetic Technologies said Innogenetics had agreed to a settlement agreement and the matters in dispute had been resolved, but the commercial terms were confidential.

The company said the settlement was one of several following the patent infringement law suit filed by Genetic Technologies in the US District Court, Western District of Wisconsin in February this year (BD: Feb 16, Aug 26, 2010).

The company said it was having settlement discussions with a number of other parties in Europe and the US, relating to their use of its non-coding DNA technology.

Genetic Technologies was untraded at 2.6 cents.

SELECT VACCINES

Select Vaccines shareholders will vote on six resolutions relating to placements to enable the company to recover from the suspension of its vaccine program and lack of cash.

Select Vaccines said the meeting would vote on the ratification of the issue in September of 38,302,567 shares at 0.3 cents each; two tranches of the October placement totaling 85,000,000 shares at 0.2 cents a share with attaching options; the participation of Ian MacIver and Mark Titchener to each acquire 70,000,000 shares and 35,000,000 options and Phil Warren to acquire up to 25,000,000 shares and 12,500,000 options.

In September Select Vaccines offered up to 587,306,038 shares in a two-for-one renounceable rights issue to raise about \$1,174,612 fully underwritten by Patersons Securities, completed on October 21 (BD: Sep 21, Oct 22, 2010) .

The company had been attempting to acquire a medical devices company but that deal collapsed and there has been a change of board composition.

Select said funds raised from the October placement were “to fund potential acquisition and business development opportunities and used as working capital” (BD: Oct 29, 2010).

The meeting will be held at Grange Consulting, 945 Wellington Street, West Perth, on December 13, 2010 at 11am (AWST).

Select Vaccines was unchanged at 0.6 cents with 6.1 million shares traded.

BIOTA

Biota says 2,391,144 shares issued for the acquisition of the antibacterial assets of Prolysis on November 12, 2009 would be released from escrow.

Biota said there were about 62,300 shares in escrow and a total of 180,691,377 shares available for trading.

Biota was unchanged at 95 cents.

CIRCADIAN TECHNOLOGIES

Circadian shareholders approved annual general meeting resolutions with significant dissent on some resolutions, especially the issue of 'rights' and 'conditional rights'.

The greatest division was on the issue of 'rights' to chief executive officer Robert Klupacs with 2,917,825 proxy votes (14.9%) against and 16,675,464 proxy votes (85.1%) in favor.

There was a similar level of opposition to the issue of conditional rights to Mr Klupacs, the creation of the employee conditional rights scheme and the remuneration report.

Directors Carlo Montagner and Don Clarke were re-elected overwhelmingly.

IM MEDICAL

IM Medical has appointed Peter Jess as a director, effective immediately.

IM Medical said Mr Jess was an accountant with "vast experience in business development" and had a network of associates in business, sport and the arts".

The company said Mr Jess had specialist skills in negotiations, taxation and business management, as well as providing advice on business solutions, including business structures, mergers, acquisitions and disposals.

Mr Jess was a co-founder of the Australian Football League Player Association's Education and Training Board and helped set up the player agents accreditation system.

The company said Mr Jess was active in charities and not-for-profit organizations including the Humour Foundation and had been active in indigenous issues including the Mirimbiak Nations Aboriginal Corporation, the official land rights group in Victoria.

IM Medical was unchanged at 0.2 cents with 3.25 million shares traded.

WALTER AND ELIZA HALL INSTITUTE FOR MEDICAL RESEARCH

The Walter and Eliza Hall Institute says medicinal chemist Dr Guillaume Lessene has been awarded the inaugural de Burgh fellowship.

The Institute said the \$150,000 de Burgh fellowship honored the role Prof Patrick de Burgh, who worked on the pathogenesis of infectious disease, played in shaping the Walter and Eliza Hall Institute and was established this year following the death of Prof de Burgh in August at the age of 94.

The Institute said 'legends' Prof Donald Metcalf, Prof Jacques Miller and Prof Gustav Nossal first undertook research in Prof de Burgh's laboratory at the University of Sydney.

WEHI said Dr Lessene translated research findings from the institute into the discovery and development of new drugs.

The Institute said Dr Lessene's main focus was cancer research and he was working on developing inhibitors to the pro-survival Bcl-2 proteins that are involved in programmed cell death, for treatment of several types of cancer.

The Institute said Dr Lessene was also involved in projects looking at other cancer targets, such as tyrosine kinases and non-cancer targets involved in conditions such as Alzheimer's disease.

KARMELSONIX

Karmelsonix says it has appointed distributors in France and Scandinavia.

Karmelsonix said it had appointed Belateam SAS as its partner for France.

The company said Belateam had experience in the respiratory and sleep field, offering healthcare products in diagnosis, treatment and monitoring of patients suffering asthma, sleep disordered breathing and chronic obstructive pulmonary disease.

Karmelsonix said Belateam would sell its Pulmotrack monitor to hospitals and the Wheezometer to the private patient market and doctor's surgeries.

Karmelsonix said it had appointed Maribo Medica for Denmark, Somninvest in Sweden and Spira OY in Finland.

Karmelsonix was up 0.2 cents or 7.4 percent to 2.9 cents with 25.6 million shares traded.