



# Biotech Daily

Friday November 26, 2010

*Daily news on ASX-listed biotechnology companies*

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## MARKET REPORT

The Australian stock market climbed 0.1 percent on Friday November 26, 2010 with the S&P ASX 200 up 4.9 points to 4598.3 points.

Seventeen of the Biotech Daily Top 40 stocks were up, 10 fell, eight traded unchanged and five were untraded.

Cellmid was best, up 0.8 cents or 20.5 percent to 4.7 cents with 45.7 million shares traded, followed by Antisense up 12.5 percent to 0.9 cents with one million shares traded.

Benitec climbed 11.5 percent; QRX and Tissues Therapies were up more than five percent; Clinuvel and Phosphagenics were up more than four percent; Alchemia, Genetic Technologies and Nanosonics were up more than three percent; Optiscan, Phylogica, Psivida, Starpharma and Viralytics rose more than two percent; with Acrux, CSL, Impedimed and Resmed up more than one percent.

Circadian led the falls, down 5.5 cents or 8.15 percent to 62 cents with 15,500 shares traded, followed by Patrys down 4.8 percent to 10 cents with 104,230 shares traded.

Cellestis and Living Cell lost more than three percent; Genera shed 2.4 percent; with Heartware, Immuron and Sirtex down more than one percent.

## BIONOMICS

Bionomics says it has appointed Greenhill Caliburn to advise on corporate and strategic matters relating to Start-up Australia Ventures tender to sell its 27.72 stake.

Earlier this month Start-Up said it would offer its entire holding in Bionomics and the sale would trigger a takeover bid for the company (Nov 11, 2010).

At that time Bionomics chief executive officer Dr Deborah Rathjen said she became aware of the move when it was announced to the ASX.

Start-Up said the tender process would close on March 31, 2011 but reserved the right to close it at any time.

Today, Bionomics also said it retained the services of its legal adviser Johnson Winter & Slattery for advice on the tender process.

Bionomics said that Greenhill Caliburn was a subsidiary of the New York investment bank Greenhill & Co.

The company said Greenhill Caliburn would provide independent advice on a range of corporate and strategic issues, including the tender process, with a view to optimizing outcomes for all Bionomics shareholders.

Dr Rathjen told Biotech Daily that one consideration would be to identify the value in the company and ensure that any formal valuation was current.

Dr Rathjen would not be drawn on any potential strategy to deter the sale of her company. Biotech Daily believes that options include finding a "white knight" cornerstone investor to acquire and divide the Start-Up stake so as to avoid a takeover, although there are regulatory hurdles involved in doing so.

An easier white knight alternative would be to acquire a 19.9 percent stake in Bionomics from Start-Up, leaving it to hold or dispose of the remaining 7.82 percent.

Several investment companies could be in a position to acquire the 19.9 percent or 63,436,538 shares.

Biotech Daily recently valued Bionomics at 38 cents (BD: Sep 8, 2010) which would imply the 19.9 percent parcel being worth \$24,105,884.

It is understood that Start-Up Australia may be looking for about \$20 million to match the recent Federal Government Innovation Investment Fund grants (BD: Nov 5, 2010).

A formal unconditional takeover would require a 90 percent holding of the company so Bionomics could remain a listed company if more than 10 percent of shareholders refuse to sell their shares, but the takeover offer could be conditional on lower ownership levels.

According to the Bionomics annual report published on September 14, 2010, Start-Up had 88,364,866 shares (27.72%), Link Traders a company associated with investor Laurence Freedman held 31,340,942 shares (9.85%), the Australian National University had 23,478,583 shares (7.38%), Welas Pty Ltd held 14,465,047 shares (4.54%), Phillip Asset Management (Intersuisse) held 13,615,678 shares (4.28%) with a group of shareholders hidden behind National Nominees with 13,278,454 shares (4.17%).

According to the website of Sydney-based Firstfolio financial services company, Welas is a company associated with its director Tony Wales.

Biotech Daily editor David Langsam holds 5,000 Bionomics shares.

Bionomics said that irrespective of the outcome of the tender process, management was focused on executing its existing strategy.

Bionomics said its anti-anxiety and depression drug BNC210 was highly effective in preclinical models of drug-induced anxiety with two phase Ib clinical trials in progress in Europe and BNC105 was in clinical development as a treatment for cancer with two phase II trials in progress in Australia and the US.

Bionomics was unchanged at 32.5 cents.

## FEDERAL OPPOSITION

The Federal Opposition says it is the “height of hypocrisy” to blame the Coalition for delaying the 45 percent research and development tax credit legislation.

Last night, Innovation Minister Senator Kim Carr said the Opposition’s “deliberate filibustering” had delayed the tax credit legislation.

A spokesman for the Leader of the Opposition in the Senate Senator Eric Abetz told Biotech Daily today that the Government sets the agenda including sitting time.

“They haven’t asked us for an extension,” the spokesman said. “So for Kim Carr to suggest that it’s our fault is the height of hypocrisy.”

“If Kim Carr is so determined to past the R&D tax credit bill he could have introduced the legislation and sought an extension of the Senate sitting times,” the spokesman said.

The Opposition has previously said it would oppose the legislation which was passed in the House of Representatives prior to the Federal Election, lapsed and was passed earlier this week with the support of the Greens and the independent Members of Parliament (BD: Nov 23, 2010). The Greens want to add an amendment, Senator Nick Xenophon he supports the Bills and Senator Steve Fielding is yet to make up his mind on the legislation. Senator Carr said the Bills would be reintroduced in February 2011.

## PHARMAUST

Epichem has identified novel compounds with oral activity against the cause of Chagas disease, the protozoan parasite *Trypanosoma cruzi*, in a mouse model of the infection. Pharmaust’s wholly-owned subsidiary Epichem said the compounds were an analog of the molecule fenarimol and suppressed bloodstream parasites to virtually undetectable levels after once-a-day dosing for 10-days.

The company said the compounds were potent, selective for *Trypanosoma cruzi* parasites, were non-cytotoxic ergosterol biosynthesis inhibitor with improved profiles for the enzyme CYP3A4 and were straightforward to synthesize allowing rapid optimization of target biological activity and drug characteristics.

Epichem said that research began in July 2008 with a \$2.7 million contract from Swiss not-for-profit organization Drugs for Neglected Diseases Initiative to identify a new cost effective medicine to treat the chronic phase of Chagas.

The company said the only available treatments were benznidazole and nifurtimox, which treated the acute phase and had poor patient compliance due to their side effects.

Epichem said that the drug discovery efforts were collaborative with the Drugs for Neglected Diseases Initiative, a team of parasitologists from Western Australia’s Murdoch University, pharmaceutical scientists at Monash University’s Centre for Drug Candidate Optimisation in Melbourne and Brazil’s Universidade Federal de Ouro Preto.

Epichem’s head of drug discovery Dr Martine Keenan said that working “in a small and highly dedicated team of only five chemists in an intellectually unconstrained environment contributed to our success, as we were able to follow exactly where the data took us”.

“We started with nothing in 2008 and in three months we had identified an exciting hit molecule fenarimol, a sterol biosynthesis inhibitor,” Dr Keenan said.

“Within 18 months the project had exemplified four related chemical scaffolds and quickly moved forward to produce biological activity in the mouse model,” Dr Keenan said.

Epichem said Chagas disease was endemic in 21 countries across Latin America killing more people in the region each year than any other parasite-born disease including malaria and the prevalence was growing in non-endemic developed countries including Australia, the US, Japan and Spain with eight million cases and 100 million people at risk. Pharmaust was unchanged at two cents.

## IMPEDIMED

Impedimed says an independent health economic model shows that adopting its L-Dex lymphoedema test could save US healthcare costs more than \$2 billion within five years. Impedimed said the Connecticut-based IMS Health Inc provided the modeling needed to demonstrate a product's value to the payers and providers of healthcare.

The company said the IMS model would provide US healthcare payers a financial analysis of the impact of implementing a pre-emptive model for lymphoedema care.

Impedimed said the model was based on an insurer's number of covered lives or members and compared pre-emptive care against reactive care costs.

The base case model, derived from published default values applied against the entire US insured population, with a \$600 reimbursement for each L-Dex test for lymphoedema following treatment for breast cancer, showed a net savings to insurers and managed care organizations of six US cents per member per month.

Impedimed said this "equates to annual savings of \$US235 million at one year increasing to \$US2 billion at five years".

The company said the model assessed the value of L-Dex use compared with self-reporting of symptoms, which was the current clinical practice with surgeons, in patients who have been surgically treated for breast cancer and were at risk for lymphoedema.

Impedimed chief executive officer Greg Brown said the company had "always been confident of the positive financial impact earlier detection and treatment of lymphoedema could have on healthcare systems around the world".

"This model provides us with an independent, highly detailed, evidence-based analytic tool to assist US third party payers and managed care organizations in the financial evaluation for reimbursing L-Dex testing as a part of their breast cancer care medical policy," Mr Brown said.

"This model will become a cornerstone in our discussion with payers, managed care providers, surgeons, radiologists, and therapists," Mr Brown said.

Impedimed was up one cent or 1.2 percent to 84 cents.

## AGENIX

Agenix said its non-renounceable one-for-13.66 share rights issue at 2.5 cents a shares raised \$486,004 through the issue of 19,440,152 shares.

Agenix said one free attaching option would be issued with every five shares acquired.

Agenix was unchanged at 2.2 cents.

## AGENIX

Agenix shareholders strongly opposed the director and executive equity plan and the withdrawn employee option plan.

The employee option plan was withdrawn following the adoption of the resolution on the director and executive equity plan, which was approved by 4,953,806 proxy votes in favor (62.1%) compared to 3,021,337 proxy votes (37.9%) against.

The grant of rights to directors Christopher McNamara and Anthony Lee were passed by about 5.0 million proxy votes in favor to 2.9 million proxy votes against.

The issue of shares to John Tong and chairman Nicholas Weston were passed with more than 180.9 million votes in favor and fewer than 3.02 million proxy votes against.

The re-election of director Anthony Lee and the remuneration report were passed overwhelmingly.

## PRIMA BIOMED

A significant number of Prima shareholder votes opposed the issue of options to the company's directors.

The early resolutions electing chairman Lucy Turnbull, chief executive officer Martin Rogers and directors Albert Yue-Ling, Dr Neil Frazer and Dr Richard Hammel were passed overwhelmingly.

The approval of the prior issue of shares and options to Springtree, Lost Ark and David Young were passed with more than 72 million proxy votes in favor and about 1.5 million proxy votes against.

But the increase in non-executive directors' remuneration along with options to Ms Turnbull, Mr Rogers, Mr Wong, Dr Frazer and Dr Hammel were opposed by more than 7.4 million proxy votes (11.7%) to more than 53.4 million proxy votes (88.3%) in favor.

Biotech Daily reports all company meetings where the active vote against a resolution exceeds five percent, the level required to call general meetings.

Prima was unchanged at 11.5 cents with 1.7 million shares traded.

## CBIO

More than six percent of CBio shareholder votes opposed all resolutions to the company's annual general meeting.

The remuneration report had the strongest opposition with 5,428,848 proxy votes (17.3%) against and 25,882,595 proxy votes (82.7%) in favor.

The ratification of the previous issue of securities was passed by a similar majority with 2,112,003 proxy votes (6.7%) against the election of directors Dr Goran Ando and Prof John Funder, with more than 29.6 million proxy votes (93.3%) in favor.

CBio was up one cent or 5.1 percent to 20.5 cents.

## BIOPROSPECT, SOLAGRAN

Bioprospect says it will "strenuously refute the accuracy of certain statements" by Solagran on the resolution of their dispute.

Bioprospect said the statements were made in the presentation to the Solagran annual general meeting and posted to the ASX on November 24, 2010, regarding the settlement of Federal Court of Australia proceedings WAD 136 of 2010.

Bioprospect said the "essence of the dispute in the Federal Court proceedings concerned the question as to whether [Bioprospect] was misled by [Solagran] into entering into the development agreement as a result of [Solagran] misrepresenting that it held extraction process patents over the process for manufacturing conifer green needle complex in Australia, the United States of America and other jurisdictions".

Bioprospect said it was concerned with specific statements in the presentation and would inform the ASX and the Australian Securities and Investments Commission of their concerns about the accuracy of the statements made about the Court proceedings, the resolution of the dispute and request that they investigate the matter further.

Bioprospect was unchanged at 0.7 cents.

Solagran fell one cent or 6.25 percent to 15 cents.