



Biotech Daily

Wednesday September 22, 2010

Daily news on ASX-listed biotechnology companies

- * **ASX UP, BIOTECH EVEN: PRANA UP 8%, GENETIC TECHNO DOWN 12.5%**
- * **MESOBLAST EGM BACKS ANGIOBLAST ACQUISITION**
- * **ACUVAX PLACEMENT, RIGHTS ISSUE RAISE \$284k**
- * **BIOPROSPECT, SOLAGRAN RETURN TO COURT**

MARKET REPORT

The Australian stock market was up 0.17 percent on Wednesday September 22, 2010, with the ASX200 up 7.7 points to 4625.2 points.

Fourteen of the Biotech Daily Top 40 stocks were up, 15 fell, six traded unchanged and five were untraded.

Prana was best, up one cent or 7.7 percent to 14 cents with 106,500 shares traded.

Cellmid and Circadian climbed five percent or more; Phylogica and Virax were up four percent or more; Alchemia, CSL and Immuron were up more than three percent; Cathrx and Living Cell rose more than two percent; with Chemgenex, LBT and Pharmaxis up more than one percent.

Genetic Technologies led the falls, down 0.4 cents or 12.5 percent to 2.8 cents with 291,900 shares traded.

Compumedics and Viralytics lost more than six percent; Benitec and Novogen both fell four percent; Impedimed and Resmed were down more than three percent; Cellestis, Clinuvel, Heartware, Optiscan and Tissue Therapies shed more than two percent; with Prima, Psivida and QRX down more than one percent.

MESOBLAST

Mesoblast says its shareholders “overwhelmingly approved” the acquisition of its US sister company, Angioblast Systems.

Mesoblast said that about 99.6 percent of votes cast voted in favor of increasing Mesoblast’s equity in Angioblast by 67.4 per cent to 100 per cent.

The company said 69,904,415 votes were in favor of the resolution with 9,123 votes against the resolution and 265,268 abstentions.

The resolutions included acquiring all of Angioblast’s common stock; the acquisition of convertible notes for 8,450,000 Mesoblast shares; along with approving the prior placement of 14,020,353 shares and the prior issue of 7,061,000 shares.

Mesoblast said the votes cast for the other resolutions were passed by a clear majority.

The greatest dissent was over a prior placement which saw 60,720,540 votes (98.8%) in favor and 716,029 votes (1.2%) against.

Mesoblast chief executive Prof Silviu Itescu told Biotech Daily that the vote would transform the company.

“I’m delighted,” Prof Itescu said.

“I think it’s the right thing. It’s what our shareholders have wanted for a long time and I think our share price has reflected that,” Prof Itescu said.

“We’re now a large company with better access to capital markets,” Prof Itescu said.

“We now own the entire intellectual property platform and each program will compete for resources on their merit and maximal value for the company,” Prof Itescu said.

Mesoblast chairman Brian Jamieson said in a media release to the ASX that the “strategic acquisition will transform Mesoblast from a biologics company focused on orthopaedic applications to a global leader in the broader regenerative medicine industry”.

The company said the transaction “brought many commercial advantages” including full commercial benefits from the breadth of applications of the adult stem cell technology platform, including cardiac, eye, diabetes and oncology.

Bringing the technology platform and assets into one company would enable streamlining of corporate operations, strengthening of the global leadership team and rational allocation of resources based on maximal return, the company said.

Mesoblast said a single company with access to 100 percent ownership of the technology platform would be greatly strengthened in its ability to establish strategic partnerships across a range of product indications.

The company said that a significant increase in the issued share capital would result in a market capitalization of more than \$600 million, positioning Mesoblast “as the world’s largest stem cell company and Australia’s fourth largest biotechnology company, after ... CSL, Resmed and Cochlear”.

Mesoblast said a simplified corporate structure with a larger base of issued share capital would be expected to create greater shareholder value through greater liquidity, inclusion in indices, exposure to new investors and ultimately access to greater pools of capital.

Mr Jamieson said in an address to the extraordinary general meeting that the acquisition “would transform Mesoblast from a biologics company focused on orthopaedic applications to a global leader in the broader regenerative medicine industry”.

Mesoblast fell one cent or 0.4 percent to \$2.53.

ACUVAX

Acuvax has raised its hoped for \$160,000 through the placement of 80,000,000 shares at 0.2 cents a share and \$124,081 through its one-for-one rights offer.

In August, Acuvax said it could raise a maximum of \$1.5 million through the issue of 754,428,670 shares in the rights offer (BD: Aug 27, 2010).

Today the company said it had applications for 62,040,252 shares.

Acuvax said it would work with RM Corporate Finance "to finalize the placement of shortfall of rights not taken up by shareholders".

Acuvax had been hoping to acquire the West Nile and Dengue fever vaccines and other assets of its US-sister company Hawaii Biotech but was blocked from doing so when the company filed for bankruptcy.

Acuvax was beaten to the acquisition by Merck Sharp & Dohme's which offered \$US3.1 million (\$A3.5 million) for Hawaii Biotech's assets (BD: Jul 22, 23, 2010).

Acuvax said at that time that at that price it was unlikely the sale would generate sufficient funds for a return to Hawaii Biotech shareholders.

Acuvax holds about 26 percent of Hawaii Biotech.

Acuvax was untraded at 0.2 cents.

BIOPROSPECT. SOLAGRAN

The Federal Court in Western Australia has heard argument in relation to an interlocutory hearing involving Bioprospect and Solagran.

At the time of publication the matter was still being heard by Justice Neil McKerracher and there had been no decision or orders made.

The Federal Court previously granted an interim injunction restraining Solagran from selling any of its Bioprospect development agreement shares (BD: Sep 7, 2010).

The order also restrains Computershare from transferring any of the 45,000,000 shares in question, with other parties named in the injunction including former Solagran director Denis Kilroy and Solagran chairman Dr Vagif Soultanov and distribution company Nova Vita.

Bioprospect said in its claim that it "was misled by conduct, which contravened sections 52 and 53(f) of the [Commonwealth] Trade Practices Act 1974, into entering into the [development agreement]" (BD: Aug 23, 2007; Jun 28, Jul 8, 2010).

Bioprospect alleged that during the negotiations that ultimately culminated in the execution of the development agreement, Solagran "falsely represented to it that it held patents in Australia and the US (or would eventually hold such patents) that covered the manufacture of CGNC".

Bioprospect said it was seeking final orders for damages against Solagran, Dr Soultanov and Mr Kilroy, who negotiated the 2007 development agreement.

Bioprospect fell 0.2 cent or 15.4 percent to 1.1 cents with 2.1 million shares traded.

Solagran was unchanged at 14.5 cents.