



Biotech Daily

Tuesday September 28, 2010

Daily news on ASX-listed biotechnology companies

- * **ASX DOWN, BIOTECH UP: BENITEC UP 14%, PATRYS DOWN 7%**
- * **AVEXA BOARD WINS ROUND 1 AGAINST CALZADA BY 2 TO 1**
- * **CONSUMER GOODS CO EVALUATES OBJ'S MAGNETIC TRANSDERMAL**
- * **US PATENT FOR LBT MICROSTREAK**
- * **COURT MOVES BIOPROSPECT-SOLAGRAN CASE TO MELBOURNE**
- * **DARREN BROMLEY REPLACES CAROLINE BENTLEY AS BIOMD CO SEC**

MARKET REPORT

The Australian stock market closed the day down 0.12 percent on Tuesday September 28, 2010, with the ASX200 down 5.6 points to 4669.8 points.

Seventeen of the Biotech Daily Top 40 stocks were up, nine fell, seven traded unchanged and seven were untraded.

Benitec was best, up 0.3 cents or 14.3 percent to 2.4 cents with 111,000 shares traded, followed by Prana up 11.5 percent to 14.5 cents with 67,518 shares traded.

Novogen climbed eight percent; Circadian, Optiscan and Psivida climbed five percent or more; Acrux and Immuron were up more than four percent; Impedimed and Nanosonics were up more than three percent; Cellestis, LBT, Pharmaxis and Universal Biosensors rose more than two percent; with QRX up one percent.

Antisense led the falls, down 0.1 cents or 7.1 percent to 1.3 cents with 404,537 shares traded.

Phylogica and Starpharma lost more than five percent; Sirtex fell 4.8 percent; Alchemia was down 3.1 percent; Clinuvel, Phosphagenics and Viralytics shed more than two percent; with CSL down 1.1 percent.

AVEXA, CALZADA

Avexa shareholders have voted by a margin of two to one to retain the existing board and deny major shareholder Calzada a seat on the board.

Calzada owns 16.06 percent of Avexa and chairman David Franklyn has repeatedly said that the combined Avexa board owns less than 0.1 percent of the company.

But it was clear at today's extraordinary general meeting at Computershare's conference room in Melbourne that supporters of the existing board "had the numbers".

The resolutions called for the appointment as directors of Calzada nominees Bruce Rathie, Dr John Chiplin, Dr Stewart Washer and Dr David Fuller and the removal of existing directors including chairman Joe Bains, Jet Soedirdja, Steven Crowley, Bruce Hewett and Iain Kirkwood. Mr Hewett was unable to attend the meeting.

All resolutions were defeated by more than 309 million proxy votes against and more than 176 million proxy votes in favor. Including open votes and votes from investors in the room, the closest vote was more than 180.9 million votes (36.1%) to 320.8 votes (63.9%). It is believed the shareholders voting against the board spill included private clients of director and Bell Potter stockbroker Mr Soedirdja and Shire Pharmaceuticals.

According to the ASX, Shire owned 47,341,839 Avexa shares or 6.95 percent of the company at September 21, 2009.

Avexa licenced apricitabine or ATC from Shire to be developed as a treatment of HIV.

The company closed its phase III ATC trial early and said the data showed a non-significant difference compared to rival drug 3TC, which was co-invented by Avexa's chief scientist and interim chief executive officer Dr Jonathan Coates (BD: Feb 4, 2010).

The company was unable to partner the drug and in May dropped the program and saw the departure of long-serving chief executive officer Dr Julian Chick (BD: May 10, 2010). Today, the meeting heard a series of questions, primarily from Mr Franklyn, questioning the board's qualifications and through the chairman asking the Calzada nominees to say why they would be good appointments.

Many questions were left unanswered, especially those about who nominated Mr Crowley and Mr Hewett to be elected in a previous extraordinary general meeting, followed immediately by the reappointment of Mr Bains and the appointments of Mr Soedirdja and Mr Kirkwood as directors (BD: Jul 6, 7, 13; Aug 9, 2010).

Mr Franklyn questioned the board's commitment to apricitabine, while Dr Chiplin and Dr Washer warned shareholders not to "get attached to a molecule".

Mr Bains flatly denied being part of the "unanimous decision" by the former board to close the apricitabine program.

On May 20, 2010, Avexa told the ASX: "We would like to thank Mr Bains for his support of the unanimous board decisions to close the ATC phase III trial and to cease any further development of ATC".

Other investors asked a range of questions including why the board would not answer Mr Franklyn's questions, the fairness of denying a 16 percent shareholder representation, and how much of the \$23 million in cash was left.

Mr Bains said it was closer to \$23 million than \$20 million and said the main patent on Apricitabine expired in 2013, but there were other ways of extending patent life. He said if the independent review found ATC was not worth pursuing he would be the first and Dr Coates the second to drop the program.

Investor Robyn McLachlan asked the board's strategy to resolve dissatisfaction by one third of shareholders and was told the board would "continue to engage shareholders".

Calzada can call further meetings. The annual general meeting is expected in November.

Avexa fell 0.1 cents or 3.2 percent to three cents.

Calzada fell 0.2 cents or 7.7 percent to 2.4 cents.

OBJ

OBJ says it has a letter of intent to develop its field-in-motion magnetic transdermal technology with "one of the world's leading consumer products companies".

OBJ director Glyn Denison told Biotech Daily the two companies had been holding discussion for more than six months and the evaluation of OBJ's technology would be conducted on the consumer goods company's products on a fee for service basis.

Mr Denison said it was a separate collaboration to the previously announced evaluation by a fast moving consumer goods company.

In a media release to the ASX OBJ said that if the evaluations were successful they would lead to a five year strategic alliance.

OBJ said that if development objectives and criteria were met, the fast moving consumer goods company would be granted a licence for each product and receive royalties for five years or life of patent, whichever was longer.

OBJ was unchanged at 2.8 cents with 59.6 million shares traded.

LBT INNOVATIONS

LBT says it has been granted a US patent for the agar plate streaking technology which is the core of its Microstreak system.

LBT said the patent was granted to Medvet Science Pty Ltd, which has licenced the global rights to LBT.

LBT said the technology was invented by John Glasson and Lachlan Smith who at the time of the patent filing worked at Adelaide's Institute of Medical and Veterinary Science.

LBT said the Microstreak technology enabled laboratories to automatically process agar plates several times faster than can be done manually by a technician.

The company said the US patent gave it protection over the technology in all of its major target markets following the earlier granting of patents in Europe and Australia.

LBT said its agar plate streaking technology was licensed to French diagnostics company Biomérieux, which markets it as Previ Isola in global pathology markets.

LBT chief executive officer Lusia Guthrie said the "comprehensive patent protection for Microstreak adds significantly to its asset value".

"The favorable response it has had from microbiology labs around the world indicates that it has considerable potential in the market place," Ms Guthrie said.

"We are working on line extensions to Previ Isola and we are progressing well with the development of other novel technologies to take to the market," Ms Guthrie said.

"We've filed a preliminary patent application for one particularly promising new product concept," Ms Guthrie said.

LBT was up 0.2 cents or 2.3 percent to 8.8 cents.

BIOPROSPECT, SOLAGRAN

Bioprospect says the Federal Court in Western Australia has moved the case against Solagran to Melbourne and a trial date of October 29, 2010 has been set down.

Bioprospect said that Justice Neil McKerracher reserved his decision and maintained the injunction preventing the sale of Bioprospect shares by Solagran, its chairman Dr Vagif Sultantov and former director Denis Kilroy, along with Computershare, in the interim.

Bioprospect said a decision whether the injunction ought to be continued until trial was "expected shortly" (BD: Sep 7, 22, 2010).

Bioprospect was up 0.1 cents or 9.1 percent to 1.2 cents.

Solagran was up two cents or 14.8 percent to 15.5 cents.

BIOMD

Biomd says Darren Bromley has replaced Caroline Bentley as company secretary effective from September 24, 2010.

Biomd said Mr Bromley had more than 18 years business experience, with a background in business finance, accounting and administration.

The company said Mr Bromley held Bachelor of Business and a Master of Business.

Biomd fell 0.3 cents or 12.5 percent to 2.1 cents.