

## Addex seeks partners to help preserve cash

- \* Biotech aims to preserve cash in tough financing markets
- \* Hopes to have similar cash position in one year's time
- \* Discussing licensing deals on several projects
- \* Company faces tricky biotech refinancing market

By Sam Cage

GENEVA, July 2 (Reuters) - Swiss biotech group Addex <ADXN.S> is looking for partners to help develop several of its drugs, aiming to preserve its cash position through current tough refinancing markets, its chief executive told Reuters.

Geneva-based Addex, which does not yet have a drug on the market, is financed for more than two years and aims to find alternative sources of capital to be in a similar position in 12 months' time, Vincent Mutel said in an interview.

"We are talking outlicensing for several of our projects, early to mid stage and late stage. This is for me the only way we can find (to raise funds) today, because access to market capital is going to be difficult," Mutel said.

"We want to keep (about) two years of cash in one year." Young drug discovery groups like Addex have struggled to raise funds during the financial crisis and Mutel noted the dilution, or the relative cost of capital, has been unusually high in recent biotech equity financings.

Investors, analysts and industry insiders now see some signs of confidence creeping back into the sector, though conditions still remain very tough. [ID:nLU889133]

Addex shares fell 1.5 percent to 29.00 Swiss francs by 1236 GMT, versus a 0.7 percent drop in the European health care sector <.SXDP>.

Addex expects to report data from mid-stage trials for its lead drug candidate ADX10059 for treatment of gastroesophageal reflux disorder (GERD) in the second half of this year and migraine prevention data in the first half of 2010.

The group -- which researches small molecule therapeutic agents known as allosteric modulators, that regulate the function of enzymes in the body -- aims to find a partner for ADX10059 to help take it through Phase III trials and to market.

It already has two partnering deals with Merck & Co Inc <MRK.N> in schizophrenia and Parkinson's disease. A third agreement, with Johnson & Johnson <JNJ.N>, focuses on developing drugs to treat anxiety and schizophrenia.

Such deals between Big Pharma companies including Novartis <NOVN.VX> and AstraZeneca <AZN.L> and start-up drug developers have become increasingly common as the larger companies struggle to fill their new product pipelines.

Their structure often gives the biotech a small upfront payment and further milestones and royalties are dependent on successful clinical development and sales.

But at the moment, it is still very much a buyer's market, Mutel said.

"It is not clear when investors will have appetite for biotech again," he added. "For us the situation is tricky and I don't believe it's going to be not tricky for quite a while. So we have to act with this in mind. We have two years of cash, but we cannot come in one year without having changed this situation."