



# Biotech Daily

Wednesday October 19, 2011

*Daily news on ASX-listed biotechnology companies*

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## MARKET REPORT

The Australian stock market rose 0.64 percent on Wednesday October 19, 2011 with the S&P ASX 200 up 26.8 points to 4,213.7 points. Twelve Biotech Daily Top 40 stocks were up, 11 fell, eight traded unchanged and nine were untraded. All three Big Caps were up.

Living Cell was the best, up 6.2 cents or 144.2 percent to 10.5 cents with 16 million shares traded, followed by Antisense up 12.5 percent to 0.9 cents with 50,000 shares traded.

Alchemia, Benitec, Cochlear, Patrys and Starpharma were up five percent or more; Cathrx and QRX were up more than four percent; Mesoblast was up 3.15 percent; Allied Health rose 2.9 percent; with Anteo, CSL, Phylogica and Resmed up more than one percent.

Prana led the falls, down 1.5 cents or 8.8 percent to 15.5 cents with 26,640 shares traded. Genetic Technologies lost 6.25 percent; Nanosonics fell 5.45 percent; Universal Biosensors fell 4.44 percent; Prima and Viralytics were down more than three percent; Bionomics and Heartware shed more than two percent; with Acrux, Biota and Reva down more than one percent.

## LIVING CELL TECHNOLOGIES

Living Cell says Otsuka Pharmaceutical Factory will invest \$25 million to form the joint venture company Diatranz Otsuka to accelerate the commercialization of Diabecell. Living Cell said the 50 percent each joint venture would further refine the encapsulated porcine islets of Langerhans for type 1 diabetes product, complete clinical trials in New Zealand, Russia and Argentina, obtain product registration and bring Diabecell to market. The company said the joint venture would build further pig and manufacturing facilities to ensure supply.

The deal effectively moves the Diabecell technology from Living Cell to the joint venture, leaving the company with its encapsulation platform technology and products in development for other indications including Parkinson's and Huntingdon's diseases. Living Cell founder and medical director Prof Bob Elliott said that with Otsuka's investment and support "we will be able to refine the product and accelerate its registration".

"Otsuka will also bring invaluable experience and innovative ideas to market Diabecell worldwide to bring relief to the millions of sufferers," Prof Elliott said.

Otsuka's executive senior managing director Hiromi Yoshikawa said his company had been following the development of Diabecell closely and described Living Cell as "a pioneer in xeno-transplantation".

"We are excited at the prospect of improving the treatment options for diabetes sufferers all over the world and we are delighted to be joining with [Living Cell] to bring this product to market," Mr Yoshikawa said.

Earlier this year Otsuka invested \$3 million in Living Cell, subscribing for 25 million shares at 12 cents a share (BD: April 12, 2011).

Today the company said Otsuka would invest \$25 million in the joint venture, subject to completion of conditions precedent, thereby providing a secure funding base to bring Diabecell to market over the next three years.

Living Cell said that in return it would transfer Diabecell-related assets valued at the equivalent amount, including clinical trial contracts, know-how, patents and trademarks, manufacturing and research and development facilities plus its herd of bio-certified designated pathogen-free pigs.

Living Cell will supply testing, research and development, management and administrative services to the joint venture at market rates.

The company said the joint venture would grant it an exclusive royalty free licence to relevant patents and know-how and supply pig cells to progress its other products.

"The commitment from Otsuka demonstrates their confidence in Diabecell and its prospects for commercial success on a global scale," Prof Elliott said.

Living Cell was up 6.2 cents or 144.2 percent to 10.5 cents with 16 million shares traded.

## CSL

CSL says it will buy back up to \$900 million of its shares or about 30 million shares on-market.

CSL chair Elizabeth Alexander said the company "was pleased to be able to continue to return capital to shareholders".

"Through these buybacks, our shareholders benefit from improved investment return ratios, such as earnings per share and return on equity," Ms Alexander said in a CSL media release.

In an Appendix 3C Buy Back notice to the ASX, CSL said it intended to buy back the shares between November 2, 2011 and November 1, 2012.

CSL was up 32 cents or 1.1 percent to \$30.53 with 1.4 million shares traded.

## RAMACIOTTI FOUNDATIONS

The Ramaciotti Foundations will distribute \$2.6 million to biomedical research projects in Australia including \$1 million for a cryo-electron microscopy research centre.

A Ramaciotti media release said the research centre would be “a major boost for the local biomedical research community and a step forward in attracting international interest in the field”.

The media release said that the \$1 million Ramaciotti Biomedical Research Award would go to a joint research team led by Monash University’s Prof James Whisstock and Prof Ian Smith, with the Walter and Eliza Hall Institute of Medical Research’s Prof Mike Lawrence to establish the centre, to be named The Clive and Vera Ramaciotti Centre for Structural Cryo-Electron Microscopy.

The media release said the \$1 million Ramaciotti Biomedical Research Award was granted every two years from the Ramaciotti Foundations, which were managed by investment group Perpetual.

Ramaciotti said that the Melbourne-based St Vincent’s Institute of Medical Research’s Prof Michael Parker would receive the \$50,000 Ramaciotti Medal for Excellence in Biomedical Research recognizing an “outstanding contribution to clinical or biomedical research, or the way in which healthcare is delivered”.

Ramaciotti said it would distribute 22 establishment and equipment grants of up to \$75,000 to support emerging researchers or the purchase of a major piece of equipment.

The media release said the Ramaciotti Foundations would distribute \$2.6 million to biomedical research projects in Australia.

Perpetual’s general manager of philanthropy Andrew Thomas said the Foundations were collectively one of the largest private contributors to biomedical research in Australia.

“Forward-thinking philanthropist Vera Ramaciotti made a significant and lasting contribution to the Australian scientific community through her decision to create a charitable trust over 40 years ago,” Mr Thomas said.

“Since then, the Foundations have provided scientists with necessary funds for creative and cutting-edge medical research,” Mr Thomas said. “Under Perpetual’s management the Ramaciotti Foundations have granted over \$51 million to biomedical research since Vera’s \$6.7 million investment in 1970.”

A detailed list of the Ramaciotti award recipients will be available from tomorrow at: <http://www.perpetual.com.au/ramaciotti/>.

## ALLIED HEALTHCARE GROUP

Allied Health says that 2,207 of its 3,240 shareholders hold unmarketable parcels collectively making up less than one percent of the shares on issue.

Allied said it had established a share sale facility for holders of the unmarketable parcels worth less than \$500 or any shareholding of fewer than 13,513 shares on the record date of October 14, 2011.

The company said the share sale facility meant that holders of unmarketable parcels could sell their shares without having to use a broker or pay a brokerage.

Allied said that it would organize the payment of all the costs of sale and the shares would be sold at market price.

Any tax consequences from the sale would be the shareholder’s responsibility, the company said.

Allied said the sale of unmarketable parcels would reduce administrative costs associated with maintaining a large number of small shareholdings.

Allied was up 0.1 cents or 2.9 percent to 3.6 cents.

### ALLIED HEALTHCARE GROUP

Allied Health says shareholders will vote to re-approve the issue of 8,500,000 transaction options relating to the June merger with Biomd at a meeting in late November 2011.

Allied said it was notified by ASX Compliance that it breached the Listing Rules in relation to the issuance of options outside the time period prescribed by the ASX Listing Rules along with the late lodgment of Appendix 3Y change of directors interests notices.

The company said that a May 11 notice of general meeting to approve the backdoor listing included approval for 43,200,000 Biomd options to the proposed directors and 8,500,000 transaction options for existing directors within one month of the meeting.

Allied said the transaction options were issued on August 12, the Biomd options were issued on August 22, 2011 and the ASX has required the company to seek re-approval.

The company said the resolutions would be included at the annual general meeting by the end of November 2011.

The company said the appendices were lodged late "due to an administrative oversight" and the movements in directors' holdings "occurred during a period of considerable change" as it was completing the reverse takeover of Biomd by Allied.

### GENETIC TECHNOLOGIES

Genetic Technologies has executed a settlement and licence agreement with Hologic of Bedford, Massachusetts.

Genetic Technologies said Hologic was a counterparty to its patent infringement suit filed in the District Court of Colorado earlier this year (BD: May 26, 2011) and was the second counterparty to settle.

Genetic Technologies chief executive officer Dr Paul MacLeman said that following the settlement of the suit by Navigenics and Hologic, the company was "pleased with the tempo and progress of this third assertion suit".

The company said that the commercial terms of the settlement and licence agreement were covered by formal confidentiality provisions and could not be disclosed.

For the year to June 30, 2011, Genetic Technologies reported that of \$18,275,701 in revenue, \$13,680,741 was from licence fees (BD: Aug 25, 2011).

Genetic Technologies fell one cent or 6.25 percent to 15 cents.

### CORRECTION: GENETIC TECHNOLOGIES

The headline in last night's edition said Genetic Technologies had sold 600 of its Brevagen breast cancer test to obstetricians and gynecologists.

Genetic Technologies chief executive officer Dr Paul MacLeman told Biotech Daily today that the test kits had been placed with doctors expecting to use them.

Dr MacLeman said he was not able to disclose how many of the 600 had been used and paid but said the doctors would not have accepted them if they did not intend to use them. The company's media release said "600 test kits were placed in targeted accounts, resulting in early adopter Brevagen use within two weeks of launch" and processing reimbursements on initial sales had begun.

The mistake was made by the global vice-president of headline writing, who has apologized and will return to other less demanding duties.

### PHOSPHAGENICS

Phosphagenics has requested a trading halt pending an announcement “regarding a significant event relating to funding”.

Trading will resume on October 21, 2011 or on an earlier announcement.

Phosphagenics last traded at 17 cents.

### AUSBIOTECH

Ausbiotech says former CSL intellectual property manager and company secretary Peter Turvey has been elected a director, replacing Dr Stewart Washer and Geraldine Farrell. Ausbiotech said that chair Dr Deborah Rathjen was re-elected and the new Board comprised Dr Rathjen chief executive officer Dr Anna Lavelle, Dr Peter Isdale, Dr Meera Verma, Dr Paul Walton, Mr Turvey and Dr Greg Roger.

### PATRYS

Patrys has appointed chief executive officer Dr Marie Roskrow to the board as managing director, effective immediately.

Patrys said Dr Roskrow joined the company as chief medical officer in August 2010 and was appointed as chief executive officer in July 2011.

The company said Dr Roskrow had been directing the company’s clinical development and working closely with the board and management team on corporate strategy and global business development.

Patrys said Dr Roskrow had “an extensive network of relationships with key public and private biotechnology and pharmaceutical companies and leading clinical centres in the US, Europe and Asia” and the company benefited from these relationships and Dr Roskrow’s significant healthcare investment banking experience.

The company said Dr Roskrow held a medical degree and a PhD in Medicine from the University of London and was most recently a senior researcher at the Institute for Molecular Immunology, in Munich, Germany.

Patrys said Dr Roskrow was formerly a senior director of investment banking in the Lazard’s healthcare group where she participated in mergers and acquisitions, company financings, product out-licensing deals, research and development collaborations and transactions and had served as an independent board member for two private biotechnology companies.

Patrys was up 0.3 cents or five percent to 6.3 cents.

### ALCHEMIA

Alchemia shareholders will vote to issue 98,971 shares and 400,000 options to chief executive officer Dr Pete Smith and re-elect directors.

The Alchemia annual general meeting notice said the 98,971 shares were a component of Dr Smith’s bonus entitlement based on the achievement of key performance indicators and the 400,000 options, exercisable at 32.86 cents by August 15, 2016 were part of the employee share option plan.

Alchemia said shareholders would also vote on the re-election of directors Dr Tracie Ramsdale and Nerolie Withnall and the adoption of proportional takeover approval rules. The meeting will be held at the Tattersalls Club, 215 Queen Street, Brisbane on November 23, 2011 at 11am (AEST).

Alchemia was up 1.5 cents or five percent to 31.5 cents.

#### ISONEA (FORMERLY KARMELSONIX)

Isona shareholders will vote to issue 20 million shares to directors, six million shares and options to Zero Nominees and 300 million shares for a placement.

In a series of 19 resolutions, Isona will ask shareholders to approve the issue of 5,000,000 shares each to directors Ross Haghighat, Paul Hopper, Jerome Korten and Fabio Pannuti.

Isona's notice of meeting asks for the ratification of 6,000,000 shares and 6,000,000 options to Zero Nominees for services by Subiaco Capital, along with the ratification of the prior issue of 2,458,952 shares to convertible note holders; 1,923,077 shares to Meadview; 5,000,000 shares and 5,000,000 options to Gary Bonaccorso; 17,000,000 shares to HSBC Custody nominees as nominee for Bergen Global Opportunity Fund; 25,000,000 options for Bergen; a convertible security worth \$1,120,000 for Bergen; the conversion of a note by Bergen; shares worth up to \$9,696,000 to Bergen; and shares to consultant Jan Barker for services.

Isona has asked shareholders to approve and 300,000,000 share placement.

Isona said shareholders would also vote on the re-election of director and chief executive officer Ross Haghighat.

The meeting will be held at Level 1, 111 Harrington Street, Sydney on November 17, 2011 at 11am (AEDT).

Isona was unchanged at 1.2 cents with 1.7 million shares traded.