



# Biotech Daily

Monday June 18, 2012

*Daily news on ASX-listed biotechnology companies*

- \* **ASX UP, BIOTECH EVEN: PHOSPHAGENICS UP 11%  
- COMPUMEDICS, GENETIC TECHNOLOGIES DOWN 8%**
- \* **MESOBLAST: 'UNFOUNDED SPECULATION' HIT PRICE 14%**
- \* **IMMURON RAISES \$1.44m**
- \* **IMUGENE 200m SHARES, 50m OPTIONS CONSEGNA LINGUET EGM**
- \* **BENITEC APPOINTS CARL STUBBINGS CHIEF BUSINESS OFFICER**

## MARKET REPORT

The Australian stock market climbed 1.96 percent on Monday June 18, 2012 with the S&P ASX 200 up 79.6 points to 4,136.9 points.

Fourteen of the Biotech Daily Top 40 stocks were up, 14 fell, seven traded unchanged and five were untraded.

Phosphagenics was the best, up 1.5 cents or 10.7 percent to 15.5 cents with 1.6 million shares traded.

Tissue Therapies climbed 8.3 percent; Mesoblast was up 7.2 percent; Allied Health, Antisense, Benitec and QRX were up more than five percent; Neuren and Prima were up more than four percent; Starpharma was up 3.75 percent; Acrux rose 2.7 percent; Anteo, Cochlear, Living Cell and Nanosonics were up more than one percent; with CSL up 0.9 percent.

Compumedics and Genetic Technologies led the falls, both down eight percent to 6.9 cents and 11.5 cents, respectively, with 5,500 shares and 444,150 shares traded, respectively.

Bionomics, Cellmid and Genera lost five percent or more; Bioniche, Circadian, Pharmaxis and Reva shed more than two percent; Optiscan, Sirtex and Viralytics were down more than one percent; with Biota and Heartware down by less than one percent.

## MESOBLAST

Mesoblast has told the ASX that “unfounded market speculation” about its cardiac program and relationship with Teva pushed its share price down 14.3 percent.

The ASX said the company’s share price fell from \$6.35 on June 12, to \$5.44, a 14.3 percent decrease, on June 15, 2012 and noted an increase in trading volumes.

In a detailed response, Mesoblast said the fall in price was “as a result of unfounded market speculation that Mesoblast’s phase III congestive heart failure trial is not going forward or that Teva Pharmaceuticals Inc is not committed to the partnership with Mesoblast”.

Last year, Macquarie Bank initiated coverage of Mesoblast describing the company as an “underperform” with a target price of \$5.80.

In one analysis of the company, Macquarie Bank quoted an incorrect primary endpoint for the Mesoblast phase II congestive heart failure and appeared to base its analysis on the incorrect endpoint (BD: Nov 15, 2011).

Last month, Macquarie again said Mesoblast’s price target was \$5.40 while the company was trading at \$7.35.

The Macquarie Private Wealth report said that Teva’s Kevin Buchi and former chief executive officer of Cephalon, which was acquired by Teva, was being replaced on the Mesoblast board by Dr Ben-Zion Weiner and that Mr Buchi was the main supporter of Mesoblast at Teva.

At the time of the appointment Mesoblast said that Dr Weiner was the former head of research and development at Teva and was the special adviser to Teva’s incoming chief executive officer Dr Jeremy Levin.

Today, Mesoblast said that as “a result of very recent meetings held between the Mesoblast and Teva leadership teams, the company does not believe that these speculations have any basis in facts”.

Mesoblast gave detailed reasons including that the two companies had positive meetings with the US Food and Drug Administration and European Medicines Agency on the 1,700 patient phase III clinical trial for congestive heart failure where there was alignment on the trial design as well as primary and secondary endpoints and that subject to regulatory approval of an investigational new drug submission, the trial was expected to commence shortly.

The company said that beyond the partnership in cardiovascular medicine, Teva and Mesoblast were jointly developing neurologic products derived from Mesoblast’s technologies.

Mesoblast said that last week it outlined the strategic direction for commercial development of adult dental pulp stem cells of neural crest origin, which produce significantly greater levels of neurotrophic factors and were significantly more effective than other adult stem cell types for repair of various neural cells and tissues (BD: Jun 8, 2012).

Mesoblast said that its first intravenously-delivered cell therapy trial, using allogeneic, or off-the-shelf, mesenchymal precursor cells for type 2 diabetes had begun with recruitment progressing well and data on each dose expected to be available during the course of this year.

Mesoblast said it had cash reserves of about \$216 million to support its development program for the next three years.

Mesoblast said its phase II trial using its stem cells for non-surgical restoration of degenerated intervertebral discs and treatment of low back pain had enrolled more than 50 percent of the study patients and expected to complete enrolment by October 2012.

Mesoblast was up 40 cents or 7.2 percent to \$5.93 with 638,755 shares traded.

## IMMURON

Immuron says its share purchase plan at two cents a share has raised a total of \$442,050 of the hoped-for \$1 million.

In April, Immuron said placed \$1 million to institutional and sophisticated investors and said Patersons Securities had underwritten the \$1 million share plan (BD: Apr 23, 2012). Today, Immuron said that Patersons exercised its right to terminate the underwriting of the share plan "due to market conditions". Immuron was unchanged at 1.9 cents.

## IMUGENE

Imugene says shareholders will vote to approve the issue of 200,000,000 shares and 50 million options to acquire Consegna's Linguet technology.

Last year, Imugene was "very disappointed" when Novartis terminated the agreement to develop and commercialize its vaccines for pigs and poultry (BD: Sep 2, 2011).

In May, Imugene said it would acquire Consegna subsidiary Lingual Consegna which owned the rights to Linguet patents and applications which had application in human and animal pharmaceutical and food additive industries (BD: May 2, 2012).

Consegna acquired all the rights to Linguet by issuing 25,000,000 shares to the original owner Ozpharma (BD: Apr 27, 2012).

Imugene said at that time that it would raise \$1 million through the issue of 100 million shares at one cent each to clients of Forrest Capital and CPS Securities to assist funding the expanded Imugene drug delivery technologies, along with 50 million unlisted adviser options issued, at 0.01 cents each and exercisable at two cents by December 31, 2015.

Today, Imugene said shareholders would vote on the issue of 100,000,000 shares to Consegna; the 100,000,000 shares for a placement; and the 50,000,000 adviser options. Imugene said that on completion of the acquisition, Consegna managing director Fabio Pannuti would be appointed an executive director.

The meeting will be held at, Level 31, 77 St Georges Terrace, Perth, Western Australia, on July 17, 2012 at 10am (AWST).

Imugene was unchanged at 1.1 cents.

Consegna was untraded at 1.9 cents.

## BENITEC BIOPHARMA

Benitec says it has appointed Carl Stubbings as chief business officer, responsible for on-licencing, partnering, co-development and investor relations, effective from July 1, 2012. Benitec said that Mr Stubbings had more than 30 years of corporate business, sales and marketing experience in biotechnology and medical diagnostics in North America, Latin America, the Asia-Pacific region and Europe.

The company said that Mr Stubbings was previously the vice-president of sales and marketing for Quest Diagnostics subsidiary Focus Diagnostics.

Benitec said that Mr Stubbings would relocate to Sydney for the role, working with chief executive officer Dr Peter French.

Benitec was up 0.1 cents or 5.9 percent to 1.8 cents with 2.1 million shares traded.