



Biotech Daily

Friday October 5, 2012

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH UP: BENITEC UP 14%, CELLMID DOWN 6%**
- * **ECO QUEST'S \$250k FOR DR ALLEN BOLLANDS CYNATA STEM CELLS**
- * **GI DYNAMICS HOLDERS EXTEND 90m SHARE VOLUNTARY ESCROW**
- * **ALCHEMIA DEMERGER MEETINGS DELAYED 7 BUSINESS DAYS**
- * **CORRECTION: PHARMAUST**
- * **QRX AGM FOR 600k DIRECTOR OPTIONS**
- * **INVION (CBIO) AGM FOR 25m DIRECTOR OPTIONS**
- * **USCOM AGM FOR 3m EXECUTIVE CHAIRMAN OPTIONS**

MARKET REPORT

The Australian stock market was up 0.94 percent on Friday October 5, 2012 with the S&P ASX 200 up 42.0 points to 4,494.4 points.

Fourteen of the Biotech Daily Top 40 stocks were up, six fell, 16 traded unchanged and four were untraded. All three Big Caps were up.

Benitec was the best, up 0.2 cents or 14.3 percent to 1.6 cents with 258,473 shares traded, followed by Bioniche up 10.9 percent to 51 cents with 4,076 shares traded and Tissue Therapies up 10.1 percent to 43.5 cents with 162,978 shares traded.

Allied Health climbed 9.1 percent; Living Cell rose eight percent; Clinuvel was up 7.5 percent; Viralytics was up 6.25 percent; Acrux was up 3.1 percent; Alchemia, Heartware, Prana and Prima rose more than two percent; Cochlear and CSL were up more than one percent; with Mesoblast, Pharmaxis and Resmed up by less than one percent.

Cellmid led the falls, down 0.1 cents or 6.25 percent to 1.5 cents with 300,000 shares traded.

QRX lost 3.6 percent; Bionomics and Sirtex shed more than two percent; with Anteo and Circadian down more than one percent.

ECO QUEST, CYNTATA

Eco Quest says it has paid \$250,000 for an 11 percent of Cynata Inc, a California based company developing multipurpose stem cell technology for regenerative medicine.

Cynata chief executive officer and former Genera chief executive officer Dr Allen Bolland told Biotech Daily that Cynata was developing mesenchymal stem cells derived from cord blood that "grow clonally at a phenomenal rate, doubling in number in 25 to 33 hours."

Dr Bolland said he was a founder of Cynata, with former Mayne Pharma chief executive officer Dr Roger Aston as the company's chairman.

Dr Bolland said that Cynata was established to commercialize mesenchymoangioblasts stem cell technology, which originated at the University of Wisconsin-Madison.

Eco Quest's media release to the ASX said that "immediate opportunities present themselves in the form of treatments for circulatory disorders" with the first application the diabetes complication critical limb ischaemia, a \$3 billion market.

Dr Bolland said that the company had undertaken some early proof-of-concept work in mice.

"The preliminary work is encouraging," Dr Bolland said.

Eco Quest said that further development would target other complications of diabetes including ulceration and neuropathy as well as pulmonary fibrosis, stroke and other indications involving a loss of circulation or damaged blood vessels.

Eco Quest said that Cynata had patent protection in the US until 2028 with access to a US Food and Drug Administration approved laboratory in California.

Eco Quest's business description on the ASX says it is based in Perth Western Australia, with a Collins Street Melbourne address and its products include biodegradable nappies and baby wipes.

Cynata is a private company.

Eco Quest was up 0.3 cents or 14.3 percent to 2.4 cents with 2,590,000 shares traded.

GI DYNAMICS

GI Dynamics says that some major shareholders have agreed to extend the voluntary escrow of the equivalent of 90,475,360 Australian shares to November 30, 2012.

GI Dynamics said that as part of the September 2011 initial public offering certain shareholders were required to enter into voluntary escrow agreements for a variable period of between six and 18 months from September 7, 2011.

The company said that on September 7, 2012, 19,443,993 US shares, equivalent to 97,219,965 Chess depositary interests (CDIs), and 1,299,140 US options, equivalent to options over 6,495,700 CDIs, were released from voluntary escrow.

GI Dynamics said that major holders of the released securities agreed to enter into new escrow arrangements for more than 92 percent of the released securities comprising 18,095,072 US shares, equivalent to 90,475,360 CDIs, and 1,082,140 US options, equivalent to options over 5,410,700 of CDIs, until November 30, 2012.

The company said that the balance of the escrowed securities would be released on March 6, 2013 in line with the original agreements.

In its most recent appendix 3B share issue statement, GI Dynamics said that it had 252,897,500 CDIs quoted and it would have 286,744,845 CDIs if all shares of common stock were held as CDIs.

GI Dynamics was up one cent or 1.45 percent to 70 cents.

ALCHEMIA

Alchemia says it adjourned today's Audeo Oncology demerger meetings to finalize processes with the Australian Taxation Office (BD: Nov 7, 2011; Aug 24, 2012).

Alchemia said that it was confident that a class ruling would be issued by the ATO confirming the availability of demerger tax relief for Alchemia shareholders.

The company said the scheme and general meeting would be adjourned to a date, time and place to be notified to shareholders, expected within seven business days.

Alchemia said the delay was not expected to materially affect the proposed timetable for the demerger and Audeo fundraising process.

Alchemia was up 1.5 cents or 2.8 percent to 55 cents.

PHARMAUST

Last night's edition incorrectly referred to Pharmaust founder and executive chairman as Bryan McLarty, who is retiring in December.

Mr McLarty's first name is Bryant and Biotech Daily apologizes unreservedly and has retired the sub-editor.

Pharmaust was untraded at one cent.

QRX PHARMA

QRX shareholders will vote to issue chief executive officer Dr John Holaday 300,000 options and 75,000 options to each of four directors.

QRX said the directors, chairman Dr Peter Farrell, Peter Campbell, Dr Gary Pace, and Michael Quinn, had not had a fees increase since listing in May 2007 and "given the current stage of development" there should be no increase in fees at this time.

The company said the options were a reward for past performance, a long term incentive, a retention mechanism and compensation for no increase in fees.

In June, the US Food and Drug Administration rejected QRX's application for pain relief combination drug Moxduo and the share price fell 71 percent (BD: Jun 27, 2012).

The options vest over three years and are exercisable at the higher of \$1 or the share price on the day of issue, within seven years.

QRX said shareholders would vote on the re-election of director Peter Campbell.

The meeting will be held at the offices of Dubbs Barker Lawyers, Level 8, 123 Pitt Street, Sydney on November 7, 2012 at 10am (AEDT).

QRX fell 2.5 cents or 3.6 percent to 66.5 cents.

INVION (FORMERLY CBIO)

Invion shareholders will vote to issue 10,000,000 options each to directors Dr William Garner and Dr Mitchell Glass, with a further 5,000,000 options for four other directors.

Invion said shareholders would vote to issue chairman Dr Ralph Craven and director Dr James Campbell 1,500,000 options each, with 1,000,000 options each to directors Warren Brown and Brett Heading.

The company said the options would vest over 59 months and were exercisable at no less than 150 percent of the share price on the day of issue, within five years.

Invion said shareholders would vote on the re-election of Dr Craven and Mr Brown.

The meeting will be held at McCullough Robertson Lawyers, Level 11, 66 Eagle Street, Brisbane on November 8, 2012 at 10.30 (AEST).

Invion was untraded at five cents.

USCOM

Uscom shareholders will vote to issue 3,000,000 options to executive chairman Rob Phillips, ratify placements and allow director Sheena Jack to buy shares.

Uscom said shareholders would vote to issue Mr Phillips the options "as a part of his reasonable remuneration as a director and chief executive officer of the company".

Uscom said the options would be exercisable at 5.95 cents each, within four years of issue, but came in three tranches of 1,000,000 options with performance hurdles of the share price exceeding 12 cents, 24 cents and 36 cents.

The company said shareholders would vote on the election of directors Ms Jack and Christian Bernecker.

The meeting will be held at Uscom, Suite 1, Level 7, 10 Loftus Street, Sydney on November 7, 2012 at 10.30 (AEST).

Uscom was untraded at 16.5 cents.