



# Biotech Daily

Tuesday November 27, 2012

*Daily news on ASX-listed biotechnology companies*

- \* **ASX UP, BIOTECH DOWN: ANTISENSE UP 9%, PSIVIDA DOWN 9%**
- \* **GENETIC TECHNOLOGIES LOSES CHAIRMAN, CEO, DIRECTORS, STAFF**
- \* **GENETIC TECHNOLOGIES' DR MERVYN JACOBSON HIGH COURT TRIAL**
- \* **CSL 20% PROFIT UPGRADE**
- \* **PRANA COMPLETES ALZHEIMER'S IMAGING TRIAL RECRUITMENT**
- \* **BIOTRON BEGINS 3-MONTH BIT225 TOXICOLOGY STUDIES**
- \* **ANTISENSE EARNS \$670k R&D TAX REBATE; \$830k MORE TO COME**
- \* **BLUECHIIP TAGGING METHODS, APPARATUS EUROPEAN PATENT**

## MARKET REPORT

The Australian stock market was up 0.74 percent on Tuesday November 27, 2012 with the S&P ASX 200 up 32.6 points to 4,456.8 points.

Thirteen of the Biotech Daily Top 40 stocks were up, 17 fell, four traded unchanged and six were untraded. All three Big Caps were up.

Antisense was the best, up 0.1 cents or 9.1 percent to 1.2 cents with 4.8 million shares traded.

Compumedics and CSL climbed six percent or more; Neuren and Patrys were up more than five percent; Allied Health and Impedimed were both up 4.6 percent; Phosphagenics was up 3.6 percent; Circadian and Optiscan rose more than two percent; with Cochlear, Mesoblast, Nanosonics, Pharmaxis and Resmed up more than one percent.

Psivida led the falls, down 13 cents or 8.8 percent to \$1.35, with 267 shares traded.

Benitec lost 6.7 percent; Bionomics and Heartware were down five percent or more; GI Dynamics and Prima fell four percent or more; Avita was down 3.85 percent; Clinuvel and Ellex shed more than two percent; with Alchemia, Anteo, Genetic Technologies, QRX, Starpharma, Tissue Therapies and Viralytics down more than one percent.

## GENETIC TECHNOLOGIES

Genetic Technologies has voted chairman Dr Mel Bridges and director Huw Jones off the board, prompting the resignations of chief executive officer Dr Paul MacLeman, director Greg Brown and the head of legal and corporate Dr David Sparling.

The annual general meeting's poll showed that 168,598,517 votes (83.3%) opposed the election of Dr Bridges with 28,140,491 votes (16.7%) in favor, with similar percentages for and against Mr Jones, with a placement capacity defeated by a larger margin.

Dr Bridges said it was regrettable that a company with the potential of Genetic Technologies was unable to reach middle ground with its major shareholder.

Biotech Daily believes the opposing votes primarily came from founder and former chief executive officer Dr Mervyn Jacobson and associates (see Biotech Daily: Sep 19, 2008).

Dr Bridges was appointed a director and chairman on December 16, 2011.

Mr Jones was appointed a director on November 19, 2008.

On that day, Dr Jacobson removed five directors at the annual general meeting: chairman Henry Bosch, chief executive officer Michael Ohanessian, former federal treasurer John Dawkins, David Carruthers and Monash University deputy chancellor Dr Leanne Rowe, with 194,595,828 votes (88%) in favor of the removal resolution and 24,721,283 votes against (BD: Nov 19, 2008).

Earlier this year Dr Jacobson told the ASX he had reduced his substantial holding from 150,200,800 shares (43.13%) to 136,473,684 shares (29.36%) (BD: Apr 11, 2012).

Resolutions on the remuneration report and the election of directors Greg Brown and Dr Malcolm Brandon were passed easily.

Genetic Technologies said that 277,200 proxy votes were at the discretion of the chairman and 165,663,557 proxy votes were at the discretion of "others".

The company said that it had a total of 474,971,819 shares on issue, meaning that the greatest opposition came from 38.5 percent of the company's shares on offer.

Genetic Technologies fell 0.1 cents or 1.1 percent to 8.7 cents.

## GENETIC TECHNOLOGIES

The Commonwealth Director of Public Prosecutions will apply for leave to appeal to the High Court on matters relating to Genetic Technologies' founder Dr Mervyn Jacobson.

In 2010, Dr Jacobson was charged with 319 counts of market manipulation (BD: Dec 12, 2008, Feb 1, 4, 2010), and in a hearing last year, the number of charges against Dr Jacobson was reduced from 319 to 41 charges (BD: Sep 2, 2011).

An officer of the Commonwealth Director of Public Prosecutions told Biotech Daily at that time that in the Victorian Supreme Court Justice Mark Weinberg adjourned proceedings to decide which legal questions, relating to creating an artificial price, would be referred to the Court of Appeal.

The CDPP officer said at that time that Dr Jacobson was charged with two counts of conspiracy to commit an offence against Section 1041A of the Corporations Act to create or maintain an artificial [share] price and said there were a further 39 individual charges of creating or maintaining an artificial price.

The CDPP officer told Biotech Daily today that the Full Appeal Court of the Victorian Supreme Court heard argument relating to "the meaning of an artificial price" in relation to Section 1041A of the Corporations Act on December 8, 2011 and published its decision on June 28, 2012, and that in a lengthy judgment the decision was split two-to-one and the CDPP had sought leave to appeal the decision to the High Court, which would hear argument on the matter on December 14, 2012 in Melbourne.

Dr Jacobson has pleaded not guilty to all charges.

## CSL

CSL says it expects net profit after tax to increase by about 20 percent "at constant currency, despite competitive business conditions".

CSL said that earlier this year it reported a net profit after tax of \$US1,024 million and at that time provided guidance that it expected profit to increase by about 12 percent in the year to June 30, 2013 (BD: Aug 22, 2012).

The company said the revised outlook was issued immediately following a newly compiled financial forecast.

CSL managing director Dr Brian McNamee said the improved outlook was "largely underpinned by the performance of CSL Behring".

Dr McNamee said a number of factors contributed including better sales, improved efficiencies and higher than expected royalty income from sales of Gardasil.

CSL said that an increase in earnings per share would exceed profit increase expectations as a result of share buybacks.

CSL was up \$3.23 or 6.9 percent to \$50.01 with 3.7 million shares traded.

## PRANA BIOTECHNOLOGY

Prana says it has completed recruitment of 41 patients in its 12-month phase II imaging trial of PBT2 for Alzheimer's disease (BD: Mar 6, Sep 12, 2012).

Prana said that the double-blind placebo controlled trial enrolled 41 patients with prodromal or mild Alzheimer's disease in Melbourne and one more patient could be included in the trial, subject to final screening.

The company said that all trial participants were undergoing brain scans to measure PBT2's effect on amyloid deposits in the brain measured by carbon 11-Pittsburgh imaging compound-B (PiB) positron emission tomography (PET) imaging and effects on increasing brain activity measured by measured by fluorine 18 labeled fluorodeoxyglucose (FDG) PET imaging.

Prana said that cognition effects were being measured by the Neuropsychological Test Battery (NTB), a test that measured the type of cognitive problems experienced by prodromal and early Alzheimer's patients.

The company said that in an earlier 12 week Alzheimer's disease trial, PBT2 significantly reduced the level of Abeta protein in the spinal fluid of treated patients as well as significantly improving their cognitive executive function.

Prana's executive chairman Geoffrey Kempler said he expected that the current 12 month Imagine trial "will provide further evidence of PBT2's ability to have a positive effect in the brain and help Alzheimer's patients".

Prana said that the scientific data supporting the belief that PBT2 would bring meaningful clinical benefit to patients was extensive and that PBT2 restored neuronal health by selectively binding and redistributing brain metals such as copper and zinc that had become imbalanced due to disease or the ageing process.

The company said that PBT2 was able to prevent amyloid beta protein-induced toxicity and promote its disaggregation in the brain.

The Alzheimer's Drug Discovery Foundation executive director Dr Howard Fillit said that PBT2 was "one of the few remaining orally available agents with clinical trial evidence of cognitive benefit for Alzheimer's patients".

"Success in this trial will demonstrate target engagement by PBT2 in the brains of people with Alzheimer's disease and accelerate the clinical development of PBT2 to patients," Dr Fillit said.

Prana was unchanged at 22 cents.

## BIOTRON

Biotron says it has begun extended preclinical in-vivo toxicology studies of its lead antiviral drug BIT225.

Biotron chief executive officer Dr Michelle Miller told Biotech Daily that the studies in rats and dogs would assess the safety profile of BIT225 when given daily for three months.

The company said in a media release that previously, BIT225 was tested for 28 days in preclinical toxicology studies before the first human trials with the drug.

Biotron said the extended toxicology studies were expected to enhance BIT225's data package and enable future clinical trials in which patients could be dosed with BIT225 for up to three months.

The company said that clinical trials of other new classes of drugs for treating hepatitis C virus had moved to three month dosing regimens and, if successful, BIT225 would most likely be used in a cocktail with these other new classes of drugs.

Biotron said that the toxicology studies followed the completion of the manufacture of 10 kilograms of clinical grade BIT225 demonstrating the robustness and reproducibility of the manufacturing process developed for this drug and the latest batch was expected to be sufficient for current and future trials.

Biotron was untraded at 11.5 cents.

## ANTISENSE THERAPEUTICS

Antisense says it expects to receive about \$900,000 for overseas research and development activities under Federal Government's Tax Incentive Program.

Antisense said it would receive the cash refund payments over three years in respect of the overseas activities, with about \$70,000 relating to the 2011-'12 financial year.

The company said that it expects to receive a further estimated \$600,000 cash rebate from the research and development tax incentive for expenditure incurred on eligible Australian activities following submission of the company's 2011-'12 tax return, resulting in a total estimated cash refund of \$670,000 to be received in the current financial year.

Antisense managing director Mark Diamond told Biotech Daily he expected about \$830,000 in refunds for the overseas research and development tax incentive over the next two years.

Antisense was up 0.1 cents or 9.1 percent to 1.2 cents with 4.8 million shares traded.

## BLUECHIIP

Bluechiip says it has been granted a European patent entitled 'Tagging Methods and Apparatus'.

Bluechiip said the patent was similar to a US patent announced last month and covered a method of tagging and sterilizing items using a device based on micro-electro mechanical systems (MEMS) or micro technology and was for items which undergo exposure to ionising radiation in non-sterile environments (BD: Oct 4, 2012).

The company said that a MEMS-based mechanical device overcame limitations of assigning unique serial numbers using barcodes, electronic and other methods such as etching.

Bluechiip was untraded at 22 cents.