



Biotech Daily

Wednesday June 12, 2013

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH DOWN: OSPREY UP 12.5%, PHYLOGICA DOWN 9%**
- * **MEDICAL AUSTRALIA VOTES ON MEDIVET REVERSE TAKEOVER**
- * **CALZADA PLACEMENT RAISES \$1.25, SHARE PLAN FOR UP TO \$2m MORE**
- * **US NIH APPROVES BENITEC PHASE I/II TT-034 HEPATITIS C PROTOCOLS**
- * **US ISSUES QRX 'HYBRID OPIOID' COMPOSITION OF MATTER PATENT**
- * **MCRAE TECHNOLOGY REDUCES TO 6% IN ALLIED HEALTH**

MARKET REPORT

The Australian stock market fell 0.69 percent on Wednesday June 12, 2013 with the S&P ASX 200 down 32.6 points to 4,724.5 points.

Thirteen of the Biotech Daily Top 40 stocks were up, 20 fell, five traded unchanged and two were untraded.

Osprey was the best, up five cents or 12.5 percent to 45 cents, with 20,000 shares traded.

Compumedics climbed 9.5 percent, both Benitec and Viralytics were up 8.3 percent; Avita and Genetic Technologies were up five percent or more; Impedimed, Pharmaxis and Reva climbed more than three percent; Heartware, QRX and Resmed rose more than two percent; with Atcor and Psivida up by less than one percent.

Phylogica led the falls, down 0.2 cents or 9.1 percent to two cents, with 540,500 shares traded.

Antisense lost 8.3 percent; Circadian was down 6.7 percent; Anteo lost 5.4 percent; Allied Health and Living Cell fell four percent or more; Cellmid, Neuren, Patrys and Prima were down three percent or more; Bionomics, Optiscan, Prana and Starpharma shed two percent or more; Acrux, Alchemia, Mesoblast, Nanosonics and Universal Biosensors were down more than one percent; with Cochlear, CSL and Sirtex down less than one percent.

MEDICAL AUSTRALIA

Medical Australia shareholders will vote on three resolutions relating to the merger with Sydney-based Medivet Pty Ltd (BD: Jun 6, 2013).

Medical Australia said the resolutions were to approve a one-for-10 share consolidation, the issue of 16,666,667 post-consolidation shares to Medivet and the placement of 40,000,000 post-consolidation shares at 30 cents each to raise \$12 million to fund the merger and further research, development and commercialization.

Last week, Medical Australia said that Medivet had revenue from multiple sources, including the set-up of stem-cell facilities, cryo-preservation of stem-cells for use in later life, ongoing supply of stem-cell equipment and a range of regenerative medicine products for the animal health market.

Today, Medical Australia chief executive officer Mark Donnison said that when the merger was completed "we will be the only profitable listed stem cell company in the world".

"There are no other listed stem cell animal health companies," Mr Donnison said.

He said the independent expert's report by Nexia Court Financial Solutions, which found that the merger was reasonable but not fair, based its calculation on historical earnings and since the announcement Medical Australia shares had doubled in value.

Mr Donnison said the Nexia had valued Medivet at \$2.5 million but other valuations were much higher.

He said that Medivet America chief executive officer and executive director Jeremy Delk would be appointed a director of Medical Australia and key staff had been contracted for two years for the transition.

Mr Donnison said that the directors of both companies supported the merger.

Nexia said that the proposed acquisition by payment of \$5,000,000 in cash and 16,666,667 Medical Australia shares was "not fair but is reasonable for the non associated shareholders ... and they are likely to be better off if it is approved at the meeting of shareholders".

Nexia said that the fair market value of the issued shares in Medivet on a controlling interest basis to be in the range of \$2,416,000 to \$2,573,000.

Nexia said that the 16,666,667 post-consolidation shares would be valued in a range from \$1,683,000 to \$1,767,000 or 10.1 to 10.6 cents per share, implying consideration in the range of \$6,683,000 and \$6,767,000, which was "reasonable even though it is not fair". The meeting will be held at Gould Ralph, Level 42, Suncorp Place, 259 George Street, Sydney, on July 15, 2013 at 11am AEST.

Medical Australia was up 0.3 cents or 18.75 percent to 1.9 cents.

CALZADA

Calzada says it has raised \$1.25 million through an oversubscribed placement at 6.5 cents a share and hopes to raise up to a further \$2 million through a share plan.

Calzada said the placement was to sophisticated investors.

Calzada said that the funds were for the submission of US regulatory applications for its Novosorb polymer wound dressing; further research and development of the wound dressing and treatment including a trial in third degree burn patients; partnering Novosorb; licencing and pursuing 'generally recognized as safe' status for AOD9604 for the US market as a supplement; and general working capital purposes.

Calzada said a share purchase plan to buy shares in parcels up to \$15,000 would be offered at the same share price with a record date of June 11, and would open on June 20 and close on July 19, 2013.

Calzada fell 1.1 cents or 13.75 percent to 6.9 cents.

[BENITEC BIOPHARMA](#)

Benitec says the US National Institutes of Health has given a favorable review of the clinical protocol for the first-in-man trial of TT-034 for hepatitis C (BD: Apr 16, 2013). Benitec said that its principal investigator, Duke University's Dr Keyur Patel presented the protocol to the National Institutes of Health Recombinant DNA Advisory Committee in Washington, DC and the reviewers "were generally supportive of the program and were complimentary of the protocol and of the informed consent form".

The company said that formal written recommendations would be provided within the next few days, but there were no requirements for any significant alteration to the protocol. Benitec said that through its wholly-owned subsidiary Tacere Therapeutics it would file the investigational new drug application with the US Food and Drug Administration and, if approved, begin the trial.

Benitec chief executive officer Dr Peter French said the company was "on-track to enter the clinic with TT-034 this year".

Benitec climbed as much as 0.3 cents or 25 percent to 1.5 cents before closing up 0.1 cents or 8.3 percent to 1.3 cents with 9.3 million shares traded.

[QRX PHARMA](#)

QRX says the US Patent and Trademark Office has issued a patent entitled 'Hybrid Opioid Compounds and Compositions' which expires in 2031.

QRX said that the patent covered a hybrid morphine-oxycodone molecule where these two different opioids are chemically linked.

The company said that the patent covered the development of new chemical entities that had the potential to provide better pain relief and fewer side effects than their individual components.

QRX said it had related patents pending in a number of jurisdictions and has been granted patents in the US, Canada, Europe, China, Australia, New Zealand and South Africa.

QRX chief executive officer Dr John Holaday said the new patent expanded the company's intellectual property position and protected next generation dual-opioid combination products that were "chemically unique".

"Issuance of this patent enhances our long-term market exclusivity for QRX Pharma's dual-opioid products for the treatment of acute and chronic pain," Dr Holaday said.

QRX said that its immediate release Moxduo was a combination of morphine and oxycodone and was under review at the US Food and Drug Administration.

The company said the new patent covered different opioid combinations that when linked together offered a new composition of matter having activity that was greater than equimolar amounts of the molecules administered separately.

QRX was up three cents or 2.6 percent to \$1.19.

[ALLIED HEALTHCARE GROUP](#)

The Western Australia-based McRae Technology said it had reduced its holding in Allied health from 77,055,941 shares (7.51%) to 63,104,149 shares (6.1%).

McRae said that between May 15 and June 3, 2103 it sold 14,674,992 shares for \$614,538 or an average price of 4.19 cents a share.

Allied Health fell 0.2 cents or four percent to 4.8 cents with 15.4 million shares traded.

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