



Biotech Daily

Tuesday September 24, 2013

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH DOWN: ALLIED HEALTH UP 8%; LIVING CELL DOWN 12%**
- * **ECO QUEST TO BUY CYNATA, CONSOLIDATE, RAISE \$6m, CHANGE NAME**
- * **MEDICAL AUSTRALIA TO PAY \$11m SCRIP FOR MEDIVET**
- * **ACTINOGEN SIGNS \$100K LOAN, LOSES FOUR DIRECTORS**
- * **JK, KIM HOGAN DILUTED BELOW 5% IN ONCOSIL**
- * **USCOM APPOINTS STEVE HAKEN AS SALES MANAGER**
- * **FORMER ITL CHAIRMAN JULIAN GOSSE TO RETIRE**

MARKET REPORT

The Australian stock market fell 0.35 percent on Tuesday September 24, 2013 with the S&P ASX 200 down 18.3 points to 5,234.2 points.

Eleven of the Biotech Daily Top 40 stocks were up, 14 fell, six traded unchanged and nine were untraded.

Allied Health was the best, up 0.6 cents or 8.2 percent to 7.9 cents with 18.7 million shares traded.

Atcor, Cellmid and Sirtex climbed more than three percent; Nanosonics rose two percent; Acrux, Bionomics, Neuren, Prana and QRX were up more than one percent; with Resmed and Universal Biosensors up by less than one percent.

Living Cell led the falls, retreating one cent or 12.35 percent to 7.1 cents with 2.1 million shares traded in the wake of its 63.2 percent jump to 9.3 cents last week (BD: Sep 20, 2013), followed by Prima down 10.9 percent to 4.1 cents with 24.8 million shares traded.

Anteo, Psivida and Starpharma lost more than three percent; GI Dynamics, Impedimed, Mesoblast and Viralytics shed more than two percent; Alchemia, Benitec and Phosphagenics fell more than one percent; with Clinuvel, Cochlear, CSL and Osprey down by less than one percent.

ECO QUEST

Eco Quest says it will acquire 100 percent of Cynata, raise up to \$6 million, conduct a 20-to-one consolidation and change its name to Cynata Therapeutics.

Eco Quest said that pending shareholder approval it would issue Cynata 200,000,000 pre-consolidation shares, conduct a fully underwritten capital raising of up to \$6 million at 40 cents a share, equivalent to two cents a pre-consolidation share, lead by Forrest Capital and KTM Capital.

Eco Quest chief executive officer Dr Ross Macdonald said the transformation would “result in the company proposing to change the nature and scale of its activities to include stem cell research and product development”.

“Clinical medicine has seen rapid progress in this very promising field and through its focus on Cynata’s licenced proprietary stem cell technology, the company aims to secure a leading position in this high-growth sector,” Dr Macdonald said.

Eco Quest said that Cynata was established to commercialize the Cymerus stem cell platform technology, from the University of Wisconsin-Madison, which was hoped to address “a critical shortcoming in existing methods of production of [mesenchymal stem cells]; that is the ability to achieve economic manufacture at commercial scale”.

Eco Quest said that obtaining mesenchymal stem cells generally involved isolating them directly from donor tissues, such as bone marrow or fat, but therapies based on tissue-derived cells were “critically dependent upon a ready supply of ... donors”.

“Moreover, their limited expansion capability in culture, and variations in quality, makes commercial-scale manufacture of tissue-derived [cells] problematic,” Eco Quest said.

The company said the Cymerus technology was aimed to assist commercial production of a particular type of mesenchymal precursor cells, the mesenchymo-angioblast.

Eco Quest said that the Cynata platform provided a source of cells that was independent of donor-limitations and the subject of a US patent of which Cynata was a licensee.

The company said that Cymerus was a potential off-the-shelf stem cell platform for therapeutic product use,

Eco Quest fell 0.6 cents or 21.4 percent to 2.2 cents with 31.9 million shares traded.

MEDICAL AUSTRALIA

Medical Australia says it will acquire animal health and stem-cell company Medivet for \$11 million, issuing the vendors 36,666,667 shares at 30 cents a share.

In June, Medical Australia said it expected to acquire Medivet for an upfront payment of \$5 million cash and a further \$5 million in Medical Australia shares (BD: Jun 6, 2013).

Medical Australia said at that time that Medivet was founded in 2008 and had developed “the world-first in-house regenerative animal stem-cell technology ... commercialized for the veterinary and equine markets” available in 20 countries.

The company said in June that Medivet had a controlling interest in Medivet USA LLC, with 420 veterinarians using the stem-cell therapy and 12,000 procedures already performed globally, with revenue from multiple sources, including the set-up of stem-cell facilities, stem-cell cryo-preservation, supply of equipment and products for animal health. Medical Australia managing director Mark Donnison said that when the transaction was completed the merged company would raise additional working capital.

Medical Australia said that it and Medivet were “highly complementary businesses and there will be a number of synergies achieved through the combination of these businesses”.

Medical Australia was up three cents or 15 percent to 23 cents.

ACTINOGEN

Actinogen says it has signed its \$100,000 draw-down loan Otsana Capital and replaced all but one board member.

Actinogen said that interest would be charged on the loan at 15 percent per annum with the repayment date the earlier of three months from the date of advance of the loan and the day after the shareholders meeting to approve the capital raising.

Actinogen had been developing actinomycetes from Western Australian soils to produce antibiotics, but had difficulty raising funds (BD: Dec 13, 2010; Jul 25, 2012; Aug 2, 2013).

Today, the company said that directors Prof Alan Morton, Dr David Keast, Simon England and Dr Zhukov Pervan had all resigned along with Shoshanna Zohar resigning as company secretary, while director David Zohar would continue with Daniel Parasiliti and Dr Brendan de Kauwe appointed as directors and Simon Penney appointed as company secretary.

The company said that Mr Parasiliti was a physiotherapist who was the unsuccessful former Liberal candidate in the Western Australia State election for the seat of Midland.

Actinogen said that Dr de Kauwe held a Bachelor of Science and Dental Surgery from the University of Western Australia, with more than 10 years' experience in the health sector and was a director of Virax.

The company said that Mr Penney was an owner of corporate advisory firm Blue Horse Corporate.

Actinogen was untraded at 0.7 cents.

ONCOSIL MEDICAL

The Fremantle, Western Australia-based JK Nominees says its 15,000,000 share holding has been diluted from 6.46 percent to 4.96 percent.

The JK Nominees director Kim Hogan said the dilution was caused by the recent \$7.8 million placement at 13 cents a share (BD: Sep 13, 2013).

Oncosil was unchanged at 14 cents.

USCOM

Uscom says it has appointed Steve Haken as the UK-based global sales manager for its ultra-sonic cardiac output monitors and central blood pressure monitors.

Uscom said that Mr Haken will over-see global sales and distribution for the systems and establish a new global distribution for the Uscom BP+ supra-systolic central blood pressure device.

The company said that Mr Haken would also seek new sales channels and actively motivate and support the current distribution to improve sales targets.

Uscom said its cardiac output monitor and the supra-systolic central blood pressure monitor had US Food and Drug Administration, Conformité Européenne (CE) mark and Australian Therapeutic Goods Administration approval, with "practice changing applications in hypertension, heart failure and sepsis".

The company said that Mr Haken was a medical device sales specialist with 16 years experience selling devices in Europe for companies including GE Medical, Medtronic, Philips, Novartis, Welch Allyn, Pfizer, Drager and Laerdal.

Uscom said that Mr Haken "had an intensive care nursing background" and held a Master of Science from the University of Sydney and a Master of Business Administration from London's Imperial College.

Uscom was untraded at 18 cents.

ITL

ITL says that former chairman Julian Gosse will retire on December 31, 2013.

ITL said that to allow the company time to find an adequate replacement, Mr Gosse would stand for re-election at the annual general meeting on October 31, 2013.

The company said that Mr Gosse was appointed a director in 2003 and was chairman from January 1, 2005 to October 12, 2010.

ITL was untraded at 32 cents.