



Biotech Daily

Wednesday October 23, 2013

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH DOWN: ALLIED UP 19%, BENITEC DOWN 22.5%**
- * **FEDERAL GOVERNMENT: \$559m NHMRC GRANTS – DOWN 14%**
- * **IMUGENE TO BUY BIOLIFE HER-VAXX FOR 300m SHARES, RAISES \$2.5m**
- * **ALLIED OVERSUBSCRIBED RIGHTS OFFER RAISES \$10.4m**
- * **VIRALYTICS RECEIVES \$1.9m FEDERAL R&D TAX REFUND**
- * **USPTO ALLOWS IMMURON COW COLOSTRUM PATENT**
- * **UP TO 38% OF GENETIC TECHNOLOGIES OPPOSE EGM VOTES**
- * **AUSTRALIAN ETHICAL TAKES 7% OF PHARMAXIS**
- * **BENITEC RELEASES 2m ESCROW SHARES, ISSUES 1m TACERE SHARES**
- * **NANOSONICS CEO MICHAEL KAVANAGH STARTS ON \$410K**
- * **CYCLOPHARM CHAIRMAN VANDA GOULD STEPS ASIDE**
- * **ANDREW MANHIRE REPLACES MEDICAL DEV CO SEC WENDY GOUVEIA**

MARKET REPORT

The Australian stock market fell 0.32 percent on Wednesday October 23, 2013 with the S&P ASX 200 down 17.0 points to 5,356.1 points. Fifteen of the Biotech Daily Top 40 stocks were up, 17 fell, five traded unchanged and three were untraded. All Big Caps fell.

Allied was the best, up two cents or 19.05 percent to 11.5 cents with 19.0 million shares traded, followed by Cellmid up 17.1 percent to 4.1 cents with 33.6 shares traded. Living Cell and Uscom were up more than 12 percent; Phylogica was up 10 percent; Antisense climbed 8.3 percent; Phosphagenics was up five percent; Bionomics and Ellex were up more than three percent; Circadian and Medical Developments rose more than two percent; with Nanosonics and Viralytics up more than one percent.

Benitec led the falls, down 14.5 cents or 22.5 percent to 50 cents with 1.7 million shares traded. Neuren fell eight percent; Reva lost 7.8 percent; Osprey was down 6.7 percent; Pharmaxis fell four percent; GI Dynamics was down 3.6 percent; Atcor, Prana and Prima shed more than two percent; with Acrux, Alchemia, Anteo, CSL, IDT, Mesoblast and Tissue Therapies down more than one percent.

FEDERAL GOVERNMENT, NATIONAL HEALTH AND MEDICAL RESEARCH COUNCIL

The Federal Government says it will provide \$559 million for 963 National Health and Medical Research Council grants, down 14.3 percent on last year.

Last year, the Federal Government provided \$652 million for 1,141 NHMRC grants (BD: Oct 19, 2012).

In the lead up to the Federal Election the Federal Member for Higgins, Kelly O'Dwyer, said that the Liberal and National Party Coalition was committed to maintaining NHMRC and Australian Research Council funding (BD: Mar 5, 2013).

Just before the election, the then shadow Treasurer Joe Hockey said that the Coalition would decide ARC funding and proposed several grants that he thought should be axed (BD: Sep 6, 2013)

Today, in a media release, Ms Kelly said that she joined Prime Minister Tony Abbott and Health Minister Peter Dutton, with Victoria State Health Minister David Davis in announcing the NHMRC grants at Melbourne's the Alfred Research Centre.

The media release said that the \$559 million would be "delivered across 963 grants and over three National Health and Medical Research Council research support schemes and five fellowship schemes".

The media release said that the Federal Government was "committed to ensuring that Australia remains a world leader in medical research and it has been identified as one of Australia's core-competencies to build a diverse, world-class five pillar economy".

"Australia is a world leader when it comes to medical health and research, ranking in the top five per capita when it comes to producing scientific articles," Ms O'Dwyer said.

"Australia has also produced three Nobel Prize winners in the medical research sector," Ms O'Dwyer said.

"In order to continue this great work we must continue to invest in our world leading research centres, institutions and most importantly people," Ms O'Dwyer said.

"Australia has a proud record of inventing some of the most innovative and lifesaving drugs and medical devices," she said.

"The Coalition Government is committed to making sure this continues long into the future," Ms O'Dwyer said.

The media release said that the funding included 652 project grants worth \$423.5 million and would support investigator-initiated research projects in clinical, biomedical, public health and health services research.

The Government said that six partnership projects worth \$4.5 million would support researchers and policy makers to identify tailored, evidence-based projects that would improve health practice.

The media release said that 12 European Union Collaborative Research Grants worth \$4 million would support Australian researchers working in multinational research collaborative projects.

The Government said that a further 293 fellowships totalling \$126.9 million would help build a strong cohort of future researchers.

The media release said that detailed list of NHMRC grants awarded to successful researchers was available at: <http://www.nhmrc.gov.au/grants/outcomes-funding-rounds>.

IMUGENE

Imugene says it will acquire Biolife Science Qld for 300,000,000 shares and has raised \$2.5 million through the placement of 250,000,000 shares at one cent each.

Imugene said the funds were for the Biolife acquisition, the existing Linguet business and working capital and executive director Dr Nick Ede would invest \$100,000 by subscribing for 10,000,000 shares at one cent a share, subject to shareholder approval.

Last year, Acuvax said it would acquire Biolife for its HER-Vaxx peptide-based immunotherapy for HER-2/neu associated tumors, including breast and gastric cancer, but the back-door listing failed to raise the \$4 million required (BD: Dec 20, 2012, Jul 4, 2013). Today, Imugene said it had executed a sale and purchase agreement to acquire Biolife, which had the rights to HER-Vaxx developed at the University of Vienna Medical School. The company said that HER-Vaxx induced a polyclonal antibody response against the HER-2/neu receptor-associated tumors and HER-2/neu was "a known and validated receptor that is over-expressed on various cancerous tumors, including gastric, breast, ovarian and pancreatic cancers".

The company said a phase I breast cancer study had been completed and a phase II gastric cancer trial was planned for 2015, subject to US regulatory approval.

Imugene said that Glaxosmithkline oncology research and development vice-president Dr Axel Hoos was expected to join the board as non-executive director.

The company said that Forrest Capital coordinated the acquisition and would be lead manager for the capital raise.

Imugene was previously commercializing the Linguet oral tablet technology acquired from Consegna and while development of a vitamin D tablet continues, last month development of the fast-melt ibuprofen tablet was discontinued (BD: Aug 1, 2012; Sep 18, 2013).

Imugene was up 0.3 cents or 25 percent to 1.5 cents with 46.5 million shares traded.

ALLIED HEALTHCARE GROUP

Allied Health says it has raised \$10.4 million in an oversubscribed one-for-five rights issue at five cents a share.

Allied said that about 2700 shareholders took up their entitlements for 181,547,406 shares worth \$9,077,370 and applied for 151,212,449 additional shares under the top-up facility for \$7,560,622, which would be scaled back in line with the offer document.

The company was trading at 8.5 cents and fell to 7.3 cents when it announced the five cent a share rights issue.

Allied chief executive officer Lee Rodne said the funding "places Allied in a very strong position as we launch Cardiovel in Europe and progress the US approval as well as our continued investment into therapeutic vaccines with Prof Ian Frazer".

The company said the underwriter RBS Morgans Corporate had been advised that there was no shortfall.

Allied was up two cents or 19.05 percent to 11.5 cents with 19.0 million shares traded.

VIRALYTICS

Viralytics says it has received \$1.9 million from the Australian Tax Office under the Federal Government Research and Development Tax Incentive program.

Viralytics said the rebate related to research and development expenditure in 2012-'13 and the funds would be used for its US phase II trial of Cavatak for late stage melanoma and to begin a UK phase I/II trial of Cavatak for solid tumors this year.

Viralytics was up 0.5 cents or 1.4 percent to 35.5 cents.

IMMURON

Immuron says the US Patents and Trademarks Office has allowed a patent for its bovine colostrum technology for treating enteric diseases caused by gram negative bacteria. Immuron chief executive officer Amos Meltzer told Biotech Daily the patent, entitled 'Composition and method for the treatment and prevention of enteric bacterial infections' extended cover to 2024 and had been granted in Australia, New Zealand and India. Immuron said that enteric diseases included those caused by pathogens entering the body through the mouth or gastrointestinal system, including Escherichia coli, Salmonella, Shigella, Helicobacter and Legionella, which had been implicated in chronic diseases such as irritable bowel disease and non-alcoholic steatohepatitis. Immuron was up 0.3 cents or 60.0 percent to 0.8 cents with 9.2 million shares traded.

GENETIC TECHNOLOGIES

Genetic Technologies shareholders have passed three extraordinary general meeting resolutions but with strong opposition, the company withdrew a vote on a convertible note. Genetic Technologies said that the strongest opposition was against the approval of shares to underwriters which was passed with 34,245,882 votes (61.04%) in favor and 21,431,065 votes against (38.19%). The approval of a convertible note and options had the support of 34,270,262 shares (61.08%) and was opposed by 21,406,685 shares (38.15%). Genetic Technologies said that the board gave "due consideration to feedback received from shareholders that further time was required in order for those shareholders to consider the resolution" and said the meeting was adjourned to the annual general meeting on November 29 2013 and the resolution would be put to shareholders. The issue of 41.7 million shares was passed by 38,857,643 votes (69.25%) with 16,819,304 shares (29.98%) against. Genetic Technologies said there were 565,749,677 shares on issue, so the strongest vote against the resolutions amounted to 3.8 percent of all shares on issue and not sufficient to call an extraordinary general meeting. Genetic Technologies was untraded at 7.5 cents.

PHARMAXIS

Australian Ethical Smaller Companies Trust has increased its substantial shareholding in Pharmaxis again, from 18,797,742 shares (6.09%) to 22,289,718 shares (7.22%). Australian Ethical's substantial shareholder notice said it acquired 3,491,976 shares for \$473,326 or 13.55 cents a share. In August, Australian Ethical increased its holding by 3,349,225 shares with the largest parcel acquired 1,600,000 shares for \$225,000 or 14.06 cents a share (BD: Aug 1, 2013). Pharmaxis fell 0.5 cents or four percent to 12 cents.

BENITEC BIOPHARMA

Benitec says it will release 2,114,639 shares from voluntary escrow on October 30, 2013. Benitec said the shares were for the Tacere Therapeutics acquisition and the issue of 955,002 shares on the same day to the vendors closed the deal (BD: Oct 11, 2012). The company said that following the issue there would be 87,228,088 shares available for trading. Benitec fell 14.5 cents or 22.5 percent to 50 cents with 1.7 million shares traded.

NANOSONICS

Nanosonics says that chief executive officer Michael Kavanagh started work on October 21, 2013 on a base salary of \$410,000 (BD: Aug 28, 2013).

Nanosonics said that Mr Kavanagh would be entitled to up to 33.3 percent of that base salary as a short term incentive subject to performance conditions, with half in cash and half as performance rights vesting condition.

The company said that Mr Kavanagh would be issued 1,500,000 performance rights as a long-term incentive, subject to shareholder approval (BD: Oct 10, 2013).

Nanosonics was up one cent or 1.2 percent to 87.5 cents.

CYCLOPHARM

Cyclopharm says that chairman Vanda Gould has stepped aside while he contests charges relating to tax and money laundering offences, effective today.

Cyclopharm said the move was temporary and Mr Gould would continue as a non-executive director.

The company said that Mr Gould was appointed chairman on March 1, 2007.

Cyclopharm said that independent non-executive director David Heaney, who joined the board on November 20, 2007 had been appointed acting chairman.

The company said it was "not aware of any impact on the company's business as a result of the allegations against Mr Gould".

Last week, Mr Gould was charged with two offences and released on \$5 million bail (BD: Oct 17, 2013).

A spokesman for the Australian Federal Police told Biotech Daily at that time that three men, Mr Gould, Peter Borgas and John Leaver, were each charged with: conspiracy to dishonestly cause a loss, or to dishonestly cause a risk of loss, to a third person, namely the Commonwealth, contrary to subsection 135.4(5) of the Criminal Code 1995; and conspiracy to deal with property intending that the property, namely \$30,000,000, would become an instrument of crime, contrary to section 400.3(1) and section 11.5 of the Criminal Code 1995".

Cyclopharm was untraded at 31 cents.

MEDICAL DEVELOPMENTS INTERNATIONAL

Medical Developments says that Wendy Gouveia has resigned as company secretary and has been replaced by Andrew Manhire.

Medical Developments was up three cents or 2.1 percent to \$1.43.