



Biotech Daily

Friday December 13, 2013

Daily news on ASX-listed biotechnology companies

- * **ASX UP, BIOTECH DOWN: PHARMAXIS UP 11%; OPTISCAN DOWN 5%**
- * **OBJ: 'BODYGUARD LUBRICEN IMPROVES KNEE FUNCTION'**
- * **OVERSUBSCRIBED \$2.5m QRX PLAN RAISES \$4.1m, TOTAL \$11.6m**
- * **ALLAN GRAY TAKES 10% OF ACRUX; NAB CEASES, AGAIN**
- * **WINDFALL (NZ) TRUST TAKES 10% OF MEDICAL AUSTRALIA**
- * **LANG WALKER COMPANIES TAKE 11% OF MEDICAL AUSTRALIA**
- * **BONE RENEWAL EGM**
- * **ACTINOGEN RAISES \$1.5m**
- * **OBJ HIRES DR STEVE MELLER FOR DEAL NEGOTIATIONS**
- * **BPH DIRECTOR GREG GILBERT RESIGNS**

MARKET REPORT

The Australian stock market was up 0.71 percent on Friday December 13, 2013 with the S&P ASX 200 up 35.9 points to 5,098.4 points. Six of the Biotech Daily Top 40 stocks were up, 21 fell, eight traded unchanged and five were untraded. All three Big Caps were up.

Pharmaxis was the best, up 1.1 cents or 11.1 percent to 11 cents with 506,819 shares traded.

Phylogica climbed 5.9 percent; Antisense, Mesoblast, Resmed and Tissue Therapies rose more than two percent; Cochlear was up 1.9 percent; with Acrux and CSL up by less than one percent.

Optiscan led the falls, down 0.3 cents or five percent to 5.7 cents with 76,247 shares traded.

Living Cell, Neuren, Phosphagenics and Viralytics fell more than four percent; Clinuvel and Genetic Technologies lost more than three percent; Atcor, Avita, Bionomics, Circadian, Compumedics, Impedimed, Osprey and Reva shed more than two percent; with Alchemia, Benitec, Nanosonics, Prana, Sirtex and Starpharma down by less than one percent.

OBJ

OBJ says its Bodyguard Lubricen knee patch improves knee functionality in 94 percent of volunteers in a two week aggregated locomotor function study.

OBJ director Glyn Denison told Biotech Daily the Lubricen's active ingredient was a formulation of glucosamine and chondroitin sulphate, not requiring regulatory approval.

The company said the study was designed by Prof Tony Wright and combined six knee intensive challenges to evaluate the Bodyguard patch technology and Lubricen formulation on healthy male volunteers following two weeks of daily use of the patch.

OBJ said that improvement in performance in the timed challenges resulted in 16 of 17 participants showing substantial improvements in their aggregated times.

The company said that the distance challenges "resulted in substantial gains in 12 of the 17 participants over the two week treatment period".

The company said that overall improvement after two weeks of patch use across all participants and all challenges was 14 percent, which Prof Wright "indicated as being clinically important".

OBJ said that improving knee function was a major unmet medical need with incidence of age and injury-related joint deficiency affecting one in five people in the developed world.

The company said that the loss of knee function through injury, overuse or degeneration was known to increase the likelihood of osteoarthritis and the goal of the Bodyguard project was to develop a new form of transdermal patch that could hydrate and lubricate the articular surfaces of joints, potentially reversing the effect of joint ageing and degeneration.

OBJ said it planned to undertake a larger independent clinical trial during 2014.

The company said that its Bodyguard patch used its low cost magnetic microarray drug delivery technology and its Lubricen formulation with the patch's "physical kinesiology, proprioception and tendon stabilisation properties, a unique and highly advanced joint treatment product platform will be created".

OBJ said the product would "create a new and potentially unique category for the treatment of joint injury, joint ageing and osteoarthritis" and the company was exploring designs for other major joints and new formulations for performance enhancement, injury recovery and pain management.

OBJ fell 0.2 cents or 5.7 percent to 3.3 cents with 24.1 million shares traded.

QRX PHARMA

QRX says its share plan to raise \$2,500,000 at 60 cents a share has raised \$4,086,218 taking the total raised with its recent \$7.5 million placement to \$11.6 million.

QRX said it received more than 550 applications from shareholders and accepted \$1.6 million in oversubscriptions.

QRX was unchanged at 60.5 cents.

ACRUX

Allan Gray Australia has increased its substantial holding in Acrux from 14,980,243 shares (9.00%) to 17,120,068 (10.28%).

At the same time the National Australia Bank and associated entities said it had again ceased its substantial holding in Acrux.

Allan Gray said that between December 4 and 10, 2013 it bought 2,139,825 shares for \$4,972,838 or an average price of \$2.32 a share.

Acrux was up one cent or 0.45 percent to \$2.24 with 1.5 million shares traded.

MEDICAL AUSTRALIA

The Nelson, New Zealand-based Windfall (NZ) Trust says it has become a substantial shareholder in Medical Australia with the acquisition of 10,000,000 shares (9.78%). The substantial shareholder notice said that Lance Ogilvie and Andrew Talijancich as trustees for the Windfall (NZ) Trust acquired the shares for \$2,000,000 or 20 cents a share.

On Tuesday, Medical Australia said it had raised \$4 million through a placement at 20 cents a share to acquire animal stem cell therapy and regenerative medicine company Medivet Pty Ltd, with the placement to strategic investors Windfall (NZ) Trust and Walker Group Holdings, which had subscribed for 10,000,000 shares each (BD: Dec 10, 2013). Medical Australia was up one cent or 4.8 percent to 22 cents.

MEDICAL AUSTRALIA

Langley Alexander Walker and associated companies have become substantial shareholders in Medical Australia with the acquisition of 11,087,170 shares (10.86%). The substantial shareholder notice said that Auckland Trust Co as trustee for the Second Pacific Master Superannuation, Walker Group Holdings and Langley Alexander Walker acquired the shares with 1,087,170 held by Auckland Trust and 10,000,000 held by Walker Group.

BONE MEDICAL

Bone Medical has proposed 18 resolutions to recapitalize and revive the company including convertible note approvals and additional directors.

Last month, Perth-based Cornerstone Corporate said it hoped to recapitalize Bone, which was attempting to commercialize oral peptides for osteoporosis and arthritis, and pay off its La Jolla Cove draw-down equity facility (BD: Nov 28, 2013).

Bone said the restructure would include the appointment of Cornerstone managing director Robert Towner as chairman.

Mr Towner was formerly a director of Biomed which developed the Adept process bovine cardiac patch, now called Cardiocel, which merged with Allied Medical to become Allied Healthcare Group, now Admedus.

Bone said in November that there would be an internal debt-to-equity restructure with a majority of the company's creditors, settlement and termination of the La Jolla Cove agreement, a \$200,000 bridge-funding through unsecured converting loans provided by investors introduced by Cornerstone, a capital raising through the issue of 8,750,000,000 shares at 0.04 cents a share to raise up to \$3,500,000, and a 50-to-one consolidation at the completion of the consolidation, subject to shareholder approval.

Bone said the resolutions included the issue of shares to Proxima whose executive chairman Dr Roger New was also Bone's executive chairman, as well as to Dr New, Prof Peter Brooks, director Leon Ivory, chief executive officer Peter Young and other creditors. The meeting will vote on paying a finder's fee of 150,000,000 shares to former Neurodiscovery (now Oncosil) executive director, as well as a change of auditors, the 50-to-one consolidation and the election of directors Mr Towner and John Hannaford.

The meeting will be held at Cornerstone Corporate, 589 Stirling Highway, Cottesloe, Perth, Western Australia on January 13, 2014 at 10am (AWST).

Bone was unchanged at 0.1 cents with 1.5 million shares traded.

ACTINOGEN

Actinogen says its placement raised \$1,500,500 through the issue of 150,000,000 shares at one cent a share and 50,000,000 unlisted options at 0.001 cents per option.

Actinogen said the placement was oversubscribed and the options were exercisable at two cents each by November 30, 2018.

Actinogen was in a suspension and last traded at 2.6 cents.

OBJ

OBJ says it has hired Dr Steve Meller to assist in partnering and licencing negotiations.

OBJ said Dr Meller was a research scientist in neuroscience at the University of Adelaide, the University of Iowa and the University of Cincinnati before joining Procter and Gamble working health, innovation and sustainability roles.

The company said that Dr Meller ran a San Francisco, California-based consulting company working in the US venture capital industry.

OBJ said Dr Meller held Bachelor of Science and a Doctor of Philosophy from the University of Adelaide.

BPH ENERGY

BPH Energy says Greg Gilbert has resigned as a director “due to other business commitments”.

BPH was untraded at 1.3 cents.