



Biotech Daily

Thursday April 17, 2014

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH UP: NEUREN UP 12%, BENITEC DOWN 9%**
- * **QUEENSLAND \$990k FOR MRCF, Q-SERA SNAKE VENOM COAGULANT**
- * **PHARMAXIS SALES UP 42%, LOXL2 TERM SHEET, US ARIDOL SALES**
- * **PHOSPHAGENICS AGM FOR 3m DIRECTOR OPTIONS, FEES UP 33%**
- * **RA CAPITAL TAKES 12% OF BENITEC**
- * **MASS MUTUAL REDUCES BELOW 5% IN NOVOGEN**
- * **GENETIC TECHNOLOGIES BACKS DR MERVYN JACOBSON SHARE PLAN**
- * **SIMAVITA CFO, CO SEC TOM HOWITT RESIGNS AS DIRECTOR**

MARKET REPORT

The Australian stock market climbed 0.63 percent on Thursday April 17, 2014 with the S&P ASX 200 up 33.9 points to 5,454.2 points.

Eighteen of the Biotech Daily Top 40 stocks were up, 12 fell, eight traded unchanged and two were untraded.

Neuren was the best, up 0.9 cents or 11.8 percent to 8.5 cents with 2.5 million shares traded, followed by Anteo up 11.1 percent to 20 cents with 6.1 million shares traded.

Genetic Technologies climbed 8.7 percent; Phosphagenics and Universal Biosensors were up more than five percent; Admedus, Atcor, Cellmid and IDT were up four percent or more; Osprey and Tissue Therapies were up more than three percent; Alchemia, Impedimed, Nanosonics and Prima rose more than two percent; Clinuvel was up 1.9 percent; with Cochlear, CSL, Mesoblast and Psivida up by less than one percent.

Benitec led the falls, down 12 cents or 9.1 percent to \$1.19 with 959,286 shares traded.

Living Cell lost 7.1 percent; Optiscan was down 6.25 percent; Oncosil fell four percent; Bionomics and Reva were down more than three percent; Medical Developments and Prana shed more than two percent; GI Dynamics, Sirtex and Starpharma were down more than one percent; with Acrux down 0.3 percent.

QUEENSLAND GOVERNMENT

The Queensland Government says it has provided \$990,000 over three years for the Medical Research Commercialisation Fund and a Q-Sera snake venom project.

Queensland Minister for Science and Innovation Ian Walker said in a media release that the Medical Research Commercialization Fund, managed by Brandon Capital, supported the commercialization of research in Australia's medical institutes and hospitals, "enabling the leap from the laboratory to the marketplace".

"It often takes time before medical breakthroughs that could benefit thousands of people are commercially available, but the Queensland Government wants to speed that up," Mr Walker said.

"We want to turn great ideas into great opportunities, unlike the previous Labor Government which let Queensland's research and innovation sector languish," Mr Walker said.

A spokesperson for Mr Walker was not available to respond to questions about the Minister's claim.

Biotech Daily understands that former Labor Premier Peter Beattie, who has been reappointed as a director of the Medical Research and Commercialization Fund, continues to be considered a champion of funding for innovation and biotechnology in particular (BD: Aug 22, 2014).

Mr Walker said that the Fund would support the Q-Sera project using snake venom to develop a blood-clotting technology for use in blood collection tubes (BD: Jun 20, 2012).

"This will have multiple outcomes," Mr Walker said.

"It saves lives, reduces costs and makes blood testing easier for both doctors and patients," Mr Walker said.

"This government realizes that research and innovation is vital to our future economic growth and prosperity and supports our election promise to grow a four pillar economy," Mr Walker said.

Queensland Health Minister Lawrence Springborg said the technologies addressed community health challenges, as well as providing long-term economic returns.

"This kind of ground-breaking work is another example of the world class researchers and facilities we are supporting in Queensland," Mr Springborg said.

"One of the beneficiaries of the MRCF is University of Queensland and Queensland Health start-up Q-Sera," Mr Springborg said.

Q-Sera's Dr Goce Dimeski said the company was developing blood testing technology based on the blood clotting properties of the venom of the Coastal Taipan, one of the world's most venomous snakes.

"Snake venom has the ability to coagulate blood and clotting blood to make serum for pathology tests is a big issue, particularly for patients on anticoagulants, including cardiac patients," Dr Dimeski said.

"The problem with anticoagulants is that they can throw a blood test out," Dr Dimeski said.

"If the blood testing is not accurate, getting the medication balance can be difficult, causing distress for patients and it costs the taxpayer more due to retesting," Dr Dimeski said.

Dr Dimeski said the technology Q-Sera had developed solved these issues and also produced a quality serum sample in the shortest time possible for pathology tests, which was a pivotal requirement in saving lives.

The Queensland Government media release said that Q-Sera used the School of Medicine's laboratories at the Translational Research Institute and Pathology Queensland's laboratory at the Princess Alexandra Hospital.

Q-Sera is a private company.

PHARMAXIS

Pharmaxis says it has a defined partnering term sheet for its early stage LOXL2 drug and expects US Aridol sales to resume in the coming three months.

Pharmaxis said that sales revenue for the three months to March 31, 2014 was up 42.3 percent from \$853,000 to \$1,214,000 compared to the three months to March 31, 2013.

In a quarterly investor briefing teleconference, Pharmaxis chief executive officer Gary Phillips said that the company expected to enroll the first patient in the US Food and Drug Administration-approved phase III cystic fibrosis pivotal tie-breaker study "in mid-2014" and the European paediatric trial of Bronchitol was about one-third recruited.

Mr Phillips said that Pharmaxis was involved in detailed but confidential discussions with a potential partner for LOXL2 inhibitor for lung and liver fibrosis and cancer and a term sheet included up-front fees and milestone payments.

Mr Phillips said partnering discussions were underway for the SSAO inhibitor program for lung inflammation and work was continuing on the Orbital inhaler for dry powder.

Mr Phillips said that although overall sales of Bronchitol were up two percent over the previous three months and 45 percent compared to the three months to March 31, 2013, Germany continued to have compliance issues, which were being addressed by "adherence champions" and physiotherapists targetting the larger clinics which accounted for 80 percent of Germany's cystic fibrosis patients.

Mr Phillips said that he expected to launch Bronchitol in the Netherlands by October and in Ireland by the end of 2014.

Mr Phillips said that Bronchitol had been approved in Israel and submissions were underway for Russia, the Czech Republic, Slovakia and Turkey.

Pharmaxis chief financial officer David McGarvey told the teleconference that he expected Aridol sales in the US to resume following an FDA inspection of the third-party contract packer and the company undertaking all packaging in-house (BD: Jun 3, 2013).

In 2013, the FDA put Aridol on an Import Alert list in relation to packaging issues.

The company said it had \$99,000 in US Aridol sales for the three months to March 31, 2013.

Pharmaxis was unchanged at 9.1 cents.

PHOSPHAGENICS

Phosphagenics will vote to grant three new directors 1,000,000 options each and increase the directors' fees pool by \$100,000 to \$400,000.

Phosphagenics said it proposed to issue 1,000,000 options each to chairman Lawrence Gozlan, Nathan Drona and Dr Geert Cauwenbergh, exercisable at 17.12 cents within five years of shareholder approval.

The company said that 17.12 cents was 150 percent of the five-day volume weighted average price to March 3, 2014.

Phosphagenics said the 33 percent increase in the pool of directors' fees was "to give sufficient capacity in the immediate and medium term future to attract and remunerate suitable non-executive directors an appropriate level of director's fees".

The notice of meeting said shareholders would vote on the election of directors Harry Rosen, Mr Gozlan, Mr Drona and Dr Cauwenbergh.

The meeting will be held at the RACV Club, 501 Bourke Street, Melbourne on May 23, 2014 at 3pm (AEST).

Phosphagenics was up 0.5 cents or 5.75 percent to 9.2 cents.

BENITEC

RA Capital Management has increased its substantial shareholding in Benitec from 7,009,345 shares (7.0%) to 14,018,691 (12.20%).

The Sydney-based RA Capital said the shares were held by RA Capital Healthcare Fund and Blackwell Partners and gave Citigroup as its address.

RA Capital said it acquired 7,009,346 shares for \$7,500,000 or \$1.07 a share.

In February when RA Capital became a substantial shareholder, Benitec said the company participated in the \$31.5 million placement at \$1.07 a share (BD: Feb 24, 2014). Benitec fell 12 cents or 9.2 percent to \$1.19.

NOVOGEN

Oppenheimer Funds entity Massachusetts Mutual says it has reduced its substantial holding in Novogen to below the five percent substantial level.

In March, Massachusetts Mutual said it had reduced its substantial holding in Novogen from 9,867,292 shares (6.908%) to 9,730,000 (5.773%) (BD: Mar 24, 2014).

Today's notice said the number of person's votes affected was 0.8085 percent implying that Massachusetts Mutual held 4.9645 percent of Novogen.

The March shareholding was diluted by a number of conversions of convertible notes since the last substantial shareholder notice (BD: Jul 4, Aug 30, 2013).

The substantial shareholder notice was filed by the Sydney office of law firm, DLA Piper, for the Massachusetts-based MM Asset Management.

Novogen was up one cent or 6.45 percent to 16.5 cents.

GENETIC TECHNOLOGIES

Genetic Technologies shareholders have overwhelmingly supported a plan to buy back shares from founder Dr Mervyn Jacobson, reducing his holding to 6.15 percent.

The approval of the selective capital reduction from Dr Jacobson's holding and disposal of shares in Immunaid to Dr Jacobson was supported by 74,272,578 votes (98.85%) and opposed by 865,494 votes (1.15%).

The resolution asked shareholders to approve the transfer by the Jacobson Entities of 75,937,500 ordinary shares to the company followed by their immediate cancellation, in exchange for the transfer to the Jacobson Entities of 4,500,000 shares in Immunaid as per the agreement (BD: Dec 18, 20, 2013).

Last year, Dr Jacobson reduced his holding in Genetic Technologies from 136,473,684 shares (29.36%) to 106,473,684 shares (18.59%) and the company said Dr Jacobson and associates would sell a total of 105,937,500 shares reducing from 23.83 percent to 6.15 percent (BD: Dec 18, 20, 2013).

Dr Jacobson, who gave addresses in Dragor, Denmark and Luzern, Switzerland, said at that time that he had sold 30,000,000 shares on-market for \$1,800,000 or six cents a share.

In 2012, Dr Jacobson reduced his substantial holding from 150,200,800 shares (43.13%) to 136,473,684 shares (29.36%), selling 10,528,318 shares on-market for \$1,000,000 or 9.5 cents a share

Dr Jacobson is due to appear before Justice Stephen Kaye at the Supreme Court of Victoria on April 29, 2014 for a preliminary hearing in the case brought by the Australian Securities and Investments Commission and the Commonwealth Director of Public Prosecution on charges of market manipulation and conspiracy (BD: Feb 4, 2014).

Genetic Technologies was up 0.4 cents or 8.7 percent to five cents.

SIMAVITA

Simavita chief financial officer and company secretary Tom Howitt has filed an Appendix 3Z Final Director's Interest Notice.

Mr Howitt recently left Genetic Technologies to join Simavita as an executive and the company said at that time he would resign as a director (BD: Feb 28, 2014).

Simavita fell one cent or 1.9 percent to 51 cents.