



Biotech Daily

Wednesday October 29, 2014

Daily news on ASX-listed biotechnology companies

- * **ASX DOWN, BIOTECH UP: GENETIC TECH UP 20%, CLINUVEL DOWN 14%**
- * **GENETIC TECHNOLOGIES DR MERVYN JACOBSON AWAITS VERDICT**
- * **MELBOURNE UNI BLOOD TEST FOR ALZHEIMER'S DISEASE**
- * **PROF SAM BERKOVIC, PROF INGRID SCHEFFER SHARE \$300k PM PRIZE**
- * **STARPHARMA \$4.2m R&D TAX REFUND, ANSELL CONDOMS IN SHOPS**
- * **RHINOMED PLAN FOR \$1.6m RAISES \$586k, TOTAL RAISED \$5m**
- * **ASIC: 'MARIPOSA FINED \$4k ON ACCOUNTS'**
- * **CLINICAL GENOMICS APPOINTS BIOCHAIN CHINA DISTRIBUTOR**
- * **WALES NHS GUIDELINES POSITIVE FOR NANOSONICS TROPHON**
- * **AUSBIOTECH CALLS FOR INVESTMENT CONFERENCE REGISTRATION**
- * **PATRY'S CFO ROGER MCPHERSON ACTING CEO**
- * **AUSBIOTECH: DR CHRIS NAVE, USCOM, ATOMO WIN J&J AWARDS**

MARKET REPORT

The Australian stock market slipped 0.09 percent on Wednesday October 29, 2014 with the ASX 200 down 4.9 points to 5,447.7 points. Twenty-one of the Biotech Daily Top 40 stocks were up, five fell, 10 traded unchanged and four were untraded.

Genetic Technologies was the best, was up 0.3 cents or 20 percent to 1.8 cents, with 415,925 shares traded, followed by Patrys up 15.8 percent to 2.2 cents with 486,374 shares traded and Universal Biosensors up 10.3 percent to 16 cents with 256,341 shares traded. Neuren and Prima climbed more than five percent; Antisense, Atcor, Oncosil and Viralytics were up more than four percent; Admedus, Analytica and Anteo were up more than three percent; Mesoblast and Starpharma rose more than two percent; Avita, Ellex, Nanosonics, Sirtex and Tissue Therapies were up more than one percent; with Acrux, CSL, Medical Developments and Resmed up by less than one percent.

For the second day in a row Clinuvel led the few falls, retreating 56 cents or 13.7 percent to \$3.54 with 151,456 shares traded. Benitec lost 11.6 percent; Alchemia fell 6.7 percent; Pharmaxis and Psivida fell more than four percent; with Cochlear down 0.65 percent.

GENETIC TECHNOLOGIES

The Supreme Court of Victoria jury hearing the market manipulation case against Genetic Technologies founder Dr Mervyn Jacobson has retired to consider its verdict.

When the case opened before Justice Stephen Kaye last month, Dr Jacobson pleaded not guilty to two counts of conspiracy and 33 counts of market manipulation between May and November 2006 (BD: Sep 8, 2014).

Dr Jacobson was charged with two counts of conspiring to take part in transactions which were likely to have the effect of creating an artificial price or maintaining a price at a level that is artificial, contrary to Section 11.5 of the criminal code and Sections 1041A and 1311 of the Corporations Act 2001.

Dr Jacobson was charged with 33 counts of taking part in transactions that were likely to have the effect of creating an artificial price or maintaining a price at a level that is artificial, contrary to Section 1041A and Section 1311 of the Corporations Act 2001.

For more than seven weeks the Court was led through hundreds of documents by Jeremy Rapke QC, acting for the Commonwealth Department of Public Prosecutions, including documents identifying ASX transactions in which shares were frequently bought by the Colorado-based XY Inc, a company Dr Jacobson controlled through a large shareholding, as well as emails between Dr Jacobson and his daughter Tamara Newing.

One document shown in court and signed by Dr Jacobson estimated his net worth at January 30, 2007 as \$99.82 million of which \$38 million was in shares in Genetic Technologies and \$49 million in XY Inc shares.

In response to a question from his defence barrister, Dr Joshua Wilson QC, Dr Jacobson said that he spoke to his brokers at Bell Potter on November 3, 2006 and said: "I had information worrying to me".

"They had orders to take instructions from Tamara and I ordered them not to," Dr Jacobson told the Court.

Asked by Dr Wilson whether he agreed with Tamara and Geoff Newing to manipulate the market, Dr Jacobson said clearly: "I did not do that" and gave the same response to whether he had acted to manipulate the market on a further 33 charges and the last charge of conspiring to manipulate the market.

A series of emails between Dr Jacobson and Tamara Newing from prior to the events in question were shown in court.

Dated June 2005 the emails discussed the purchase by Ms Newing of Genetic Technologies shares on the ASX.

Under cross-examination, Mr Rapke asked whether Dr Jacobson had ever told the board of XY Inc or any member of the board that his daughter was buying shares for XY Inc between September 27 and November 2, 2006.

“Not specifically,” Dr Jacobson said.

The court was told that Dr Jacobson had margin loans from Opes Prime for \$9.8 million and Chimera Capital of \$2 million to \$2.5 million.

Mr Rapke asked whether Dr Jacobson told the board of XY that he had a margin loan against the shares held in Genetic Technologies and Dr Jacobson said that one board member did know.

In summing up to the jury, Justice Kaye carefully explained the rules relating to conspiracy and the requirement for the prosecution to prove beyond a reasonable doubt that there was: a conspiracy to make the agreement; an intention by the accused and co-conspirator or co-conspirators to buy shares to create or maintain a price on the ASX; that they definitely meant that someone should commit the offence; and that the accused and one other party actually took part in the offence.

Justice Kaye also addressed the question of inference and said that the prosecution alleged two communications were from Tamara Newing to ABN Amro Morgans stockbroker Richard John Wade in September 2006.

One communication said “Let’s just wait and see what happens this morning. I have been told to wait.”

Justice Kaye said that on September 2, 2006 at 3.57pm Tamara Newing told Mr Wade “I’ve been asked to buy 5000 at 36 now, please” and the implication was that she was told to do so by the accused.

“You can only be satisfied of the inference that the accused is the person, if it is the only logical conclusion,” Justice Kaye told the jury.

Justice Kaye referred to a series of SMS messages relating to Genetic Technologies share bids on August 8, 2006 and the inference that the accused knew about them, but told the jury to “take particular care and exercise caution on the weight of the evidence”.

At the beginning of the trial, Justice Kaye said that the circumstances of the case were that in March 2005, Dr Jacobson exercised options for shares in Genetic Technologies and borrowed “a substantial sum” from Opus Prime and Chimera Capital, in agreements that stipulated that if the price of the shares fell below a particular level, Dr Jacobson would need to provide further security.

Justice Kaye said that the price did fall and the prosecution case was that between May and November 2006, Dr Jacobson and other persons mentioned bought shares so the closing price would be above the level determined.

Genetic Technologies was up 0.3 cents or 20 percent to 1.8 cents.

UNIVERSITY OF MELBOURNE

The University of Melbourne says its researchers have developed a 91 percent accurate non-invasive blood test to diagnose the early onset of Alzheimer's disease.

The University said that the research team identified that changes in the brain occurred 20 years before patients showed signs of dementia, which changes could be detected by brain imaging procedures.

A media release from the University of Melbourne said that the blood-test could predict the changes and risk of developing Alzheimer's disease much earlier than was currently possible and had the potential to improve prediction to 91 percent accuracy.

The University said that due to Alzheimer's disease being progressive, the blood test needed to be further tested in a larger population over three to five years.

The University said that in an initial trial group using the blood test, one in five healthy participants with no memory complaints tested positive.

The media release said that on further investigation using brain-imaging techniques, these patients showed signs of degeneration in the brain resembling Alzheimer's disease features.

The research paper, entitled 'Prognostic serum mi-RNA biomarkers associated with Alzheimer's disease shows concordance with neuropsychological and neuroimaging assessments' was published in the journal Molecular Psychiatry and an abstract is at: <http://www.nature.com/mp/journal/vaop/ncurrent/full/mp2014127a.html>.

The Department of Biochemistry and Molecular Biology's Prof Andrew Hill, the study's lead researcher, said the blood test would "significantly advance efforts to find new treatments for the degenerative disease and could lead to better preventative measures prior to diagnoses".

"This blood test would be crucial to the development of therapeutic and preventative drugs for [Alzheimer's disease]," Prof Hill said.

"It can be used to identify patients for clinical drugs and monitoring improvement on treatment," Prof Hill said.

The University said that the blood test's accuracy was attributed to the ability to harvest micro-RNA circulating in the bloodstream, which differed between people with Alzheimer's disease and healthy people.

The University's Department of Biochemistry, Molecular and Cell Biology's Dr Lesley Cheng said the test was an accessible method for patients to accurately predict their susceptibility to Alzheimer's disease.

Dr Cheng told Biotech Daily that the research identified a panel of 16 Alzheimer's disease specific micro-RNA bio-markers.

"This test provides the possibility of early detection of [Alzheimer's disease] by using a simple blood test which has been designed to also be cost-effective," Dr Cheng said in the media release.

"Furthermore, it is highly accessible for patients and physicians compared to organizing a brain scan or undergoing a neuropsychological test," Dr Cheng said.

"Patients with a family history of [Alzheimer's disease] or those with memory concerns could be tested during a standard health check at a medical clinic," Dr Cheng said.

"This test could ease concerns for patients experiencing normal memory problems due to natural ageing," Dr Cheng said.

"Those identified as high risk could then be monitored by their doctor," Dr Cheng said.

The media release said that the work was a collaboration with the Florey Institute of Neuroscience and Mental Health, the Commonwealth Scientific and Industrial Research Organisation and the Austin Health and Australian Imaging Biomarker and Lifestyle Study of Aging.

PRIME MINISTER'S PRIZE FOR SCIENCE

Prof Sam Berkovic and Prof Ingrid Scheffer have shared the \$300,000 Prime Minister's Prize for Science for changing the way the world thinks about epilepsy.

A media release from Science In Public said that Prof Berkovic and Prof Scheffer, associated with the University of Melbourne, the Florey Institute of Neuroscience and Mental Health and Austin Health, discovered links between epilepsy and genes opening the way to better targeted research, diagnosis, management and treatment.

Science In Public said that the University of Western Australia's Prof Ryan Lister had been awarded the \$50,000 Frank Fenner Prize for Life Scientist of the Year for his work in mapping how genes were turned on and off and Prof Lister's work had the potential to transform agriculture, regenerative medicine and the understanding of the brain.

Science In Public said that the \$50,000 Malcolm McIntosh Prize for Physical Scientist of the Year was awarded to the Commonwealth Scientific and Industrial Research Organisation Dr Matthew Hill for research into crystals and how porous metal-organic frameworks could be used as efficient, long-lasting filters to clean up natural gas, water, pollution and safely store hydrogen, carbon dioxide and other gases.

The \$50,000 Prime Minister's Prize for Excellence in Science Teaching in Secondary and Primary Schools were awarded to Melrose High School in Canberra's Geoff McNamara and Seacliff Primary School in Adelaide's Brian Schiller, respectively.

STARPHARMA

Starpharma says it has received \$4.2 million from the Australian Tax Office under the Federal Government Research and Development Tax Incentive program.

Starpharma said the rebate related to research and development expenditure for the year to June 30, 2014, for work on its Vivagel and dendrimer docetaxel clinical programs.

Starpharma chief executive officer Dr Jackie Fairley said the Tax Incentive further strengthened the company's balance sheet.

"The R&D tax incentive program greatly assists Australian companies engaged in innovation by providing greater certainty of funding as they create the products of the future," Dr Fairley said.

"Starpharma's Vivagel condom, available to Australian consumers from today is a good example of a globally significant Australian innovation, which has been developed and commercialized with the assistance of this important scheme," Dr Fairley said.

Separately, Starpharma said that the Ansell Lifestyles Dual Protect condom was available in supermarkets from today, following their addition to the Australian Register of Therapeutic Goods earlier this month (BD: Oct 2, 2014).

Starpharma was up 1.5 cents or 2.4 percent to 64 cents with 1.2 million shares traded.

RHINOMED

Rhinomed says its share plan at 3.5 cents a share and underwritten to \$1.6 million, received subscriptions for \$585,500 in shares (BD: Sep 1, 2014).

Rhinomed said the \$1,014,500 shortfall shares would be placed with the sub-underwriters.

The company said that with the \$3.4 million placement in September it had raised \$5 million to expand its sports nasal plug product, launch a snoring product and complete clinical trials for sleep disorder and sumatriptan drug delivery.

Rhinomed said that Baillieu Holst was the lead manager to the placement and share plan underwriter.

Rhinomed was unchanged at 2.9 cents with 1.05 million shares traded.

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION, MARIPOSA HEALTH

The Australian Securities and Investments Commission says that Mariposa Health has been fined \$4,000 for failing to lodge financial reports.

ASIC said that Mariposa was convicted in Sydney's Downing Centre Local Court on October 21, 2014 after pleading guilty to two charges laid by ASIC for failing to lodge annual reports for the financial years ending June 30, 2011 and June 30, 2012.

ASIC said in a media release that the Magistrate stated that the preparation of financial reports was an important corporate obligation.

ASIC commissioner Greg Tanzer said that "with the company currently seeking to raise money with a view to listing on America's Nasdaq, it is only right any potential investor has the opportunity to study the historical financial records of the business".

In February, Bioxyne said it has completed the \$1.56 million sale of subsidiary Hunter Immunology to Mariposa Health founded by former chief executive officer Dr Phillip Comans for cash and equity (BD: Dec 2, 2013, Feb 25, 2014).

In 2013 Bioxyne said that Mariposa would pay \$175,000 in cash, assume a debt of \$60,000 and Bioxyne would acquire equity in Mariposa to the notional value of not less than \$325,000 at 16.5 cents a share, equivalent to five percent of Mariposa.

Bioxyne said at that time that Mariposa would provide deferred consideration of \$1 million on commercialization of HI-164OV for chronic obstructive pulmonary disease (COPD) pending clinical and financial milestones over five years, and on commercialization pay an ongoing royalty from 2.0 to 6.5 percent of gross revenue.

In 2012, a 320-patient phase II trial of HI-164OV for chronic obstructive pulmonary disease failed to meet its primary endpoints, triggering a board spill and management changes (BD: Jun 28, 2012).

In February, Bioxyne said that Mariposa held a number of COPD related research and development programs and the acquisition of HI-164OV would complement its portfolio of COPD research programs.

Mariposa is a private company.

CLINICAL GENOMICS

Clinical Genomics says it has appointed the San Francisco-California based Biochain Group as its colorectal cancer screening technology distributor in China.

Clinical Genomics said that Biochain China would distribute the faecal immunochemical test which was marketed in the US as Insure FIT.

Clinical Genomics chief executive officer Dr Larry LaPointe said that the collaboration was "yet another international vote of confidence" in the company's products.

"Screening for colorectal cancer is a major public health priority for countries around the world," Dr LaPointe said.

"Stool-based screening using a faecal immunochemical test is the evidence-based option being adopted worldwide on clear evidence it will save lives," Dr LaPointe said.

"Governments are actively seeking affordable, cost-effective and flexible cancer screening solutions for their communities," Dr LaPointe said.

"The Insure brush test is easy to use and is designed for large screening programs," Dr LaPointe said.

"This test is ideal for large countries such as China with regional and remote communities that may not otherwise have accessible screening options," Dr LaPointe said.

Clinical Genomics said that Biochain would run an initial trial that would be used as part of the approval package for the China Food and Drug Administration.

Clinical Genomics is a private company.

NANOSONICS

Nanosonics says that updated National Health Service of Wales guidelines for decontamination of flexible endoscopes are positive for its Trophon EPR.

Nanosonics said that the guidance related to the decontamination of flexible endoscopes including non-channelled endoscopes and ultrasound probes.

The company said that attention in the guidelines was drawn to the Medicines and Healthcare Products Regulatory Agency Medical Device Alert dealing with reusable trans-oesophageal echocardiography, trans-vaginal and trans-rectal ultrasound probes where the death of a patient from hepatitis B infection might have been associated with the failure to appropriately decontaminate a probe.

Nanosonics reported that the new guidelines stressed the need for automated, validated decontamination systems as the "optimum decontamination process" and picture the Trophon EPR as an example.

Nanosonics chief executive officer Michael Kavanagh said told Biotech Daily that in terms of an automated, validated decontamination system: "There is not a competitor on the market in the UK".

In a media release Mr Kavanagh said the new guidelines "reflect the importance of proper decontamination of ultrasound probes to mitigate serious risks".

"The Trophon EPR meets the necessary requirements outlined in the guidelines such as validation, evidence of efficacy for high level disinfection, compatibility with the ultrasound probes as approved by the probe [original equipment manufacturers], ability to be used at point of care, a traceability solution and importantly automation for the optimal process," Mr Kavanagh said.

UK Toshiba ultrasound sales director Stuart Mills said that the new guidelines "present the opportunity for Trophon to become the new standard of care for ultrasound probe decontamination".

"There are a number of hospitals in Wales who have already adopted the Trophon as an automated optimal solution and these guidelines now support further growth in Wales," Mr Mills said.

Nanosonics said that the document recommended that, where appropriate, methods were in place to manage the process of cleaning and disinfection of ultrasound probes in the location they were being used.

The company said the Trophon EPR was designed to be used as a point of care solution, but noted the Wales NHS did not endorse or promote any specific commercial products.

Nanosonics was up one cent or 1.05 percent to 96 cents.

AUSBIOTECH

Ausbiotech says its 2014 Australia Biotech Invest will be held at Melbourne's Crown Casino on December 3 and 4, 2014.

Ausbiotech said that small and micro-cap life sciences companies and investors were encouraged to register for the conference, with an "early bird" discount for those registering by October 31.

The industry organization said that panel discussions and presentations would cover a range of topics including accessing Chinese investment and international partnerships; * global investment trends and opportunities; the attractiveness of Melbourne as an innovation hub; and why resource investors are looking at biotechnology.

Ausbiotech said that spotlight presentations would include; Admedus, Biotron, Dorsavi and Clinical Genomics.

To register go to: <http://ausbiotechinvest.com/>.

PATRYS

Patrys says that chief financial officer Roger McPherson has been appointed acting chief executive officer replacing Dr Marie Roskrow, effective today.

Dr Roskrow announced her resignation as managing director and chief executive officer in September (BD: Sep 24, 2014).

Patrys chairman John Read said that Mr McPherson had been with the company for six years and was “across all ongoing activities”.

“Roger will lead the Patrys teams in Melbourne and Würzburg at this exciting time for the company as we move towards our next clinical trial,” Mr Read said.

Mr Read said that the company was actively screening potential permanent chief executive officer candidates and hoped to make an announcement “in the short term”.

Patrys was up 0.3 cents or 15.8 percent to 2.2 cents.

BRANDON CAPITAL PARTNERS, USCOM, ATOMO

Ausbiotech says that Brandon Capital managing director Dr Chris Nave, Uscom and Atomo have won this years Johnson & Johnson Innovation Industry Excellence Awards.

Ausbiotech said that Dr Nave was recognized for his leadership role in commercializing early stage medical research technology in Australia and for his mentoring of a number of young executives.

The industry organization said that Dr Nave drove the formation of the Medical Research Commercialisation Fund in 2007 as an innovative collaborative approach to investing in early stage development and commercialization opportunities from Australian medical research institutes and allied research hospitals.

Ausbiotech said that Uscom was awarded company of the year for its work developing medical devices that specialized in the design and manufacture of non-invasive cardiac monitoring equipment.

Ausbiotech said that Atomo was named emerging company of the year for its award-winning development of a next-generation rapid diagnostic platform that replaced “ineffectual ‘bits in a box test kits’ with an integrated, all-in-one test ideal for the self-testing, thereby expanding the application”.

Johnson & Johnson Innovation Asia Pacific head Dr Dong Wu said the award recipients were “aiming to improve the health of people across the globe, which is a very noble mission and we are delighted to sponsor these awards that help recognize this important work”.

Ausbiotech chief executive officer Dr Anna Lavelle said each had made a significant contribution to the sector and to the ongoing growth of Australia’s biotechnology and medical technology.

Ausbiotech said that the awards were announced as part of the official opening for the 2014 national conference underway at the Gold Coast Convention and Exhibition Centre October 29 to 31, 2014.

Uscom was untraded at 22 cents.