



# Biotech Daily

Friday November 28, 2014

*Daily news on ASX-listed biotechnology companies*

- \* **ASX, BIOTECH DOWN: PHOSPHAGENICS UP 13%, ELLEX DOWN 9%**
- \* **GENETIC TECHNOLOGIES DR MERVYN JACOBSON 12 MONTHS GAOL**
- \* **VICTORIAN CLINICAL GENETICS SERVICES NON-INVASIVE PRENATAL TEST**
- \* **NEW ZEALAND APPROVES STARPHARMA ANSELL VIVAGEL CONDOM**
- \* **ATCOR RAISES \$1m**
- \* **IMUGENE: 'LINGUET FOR SALE - SPEED PREFERRED'**
- \* **ANALYTICA NARROWLY WINS REMUNERATION VOTE**
- \* **ADVANCED SURGICAL BECOMES ALLEGRA ORTHOPAEDICS**
- \* **BVF PARTNERS, MARK LAMPERT TAKE 13.6% IN VIRALYTICS**
- \* **BONE LOSES FOUNDER DR ROGER NEW, PHILLIP WINGATE APPOINTED**

## MARKET REPORT

The Australian stock market lost 1.63 percent on Friday November 28, 2014 with the S&P ASX 200 down 87.9 points to 5,313.0 points.

Eight of the Biotech Daily Top 40 stocks were up, 18 fell, 11 traded unchanged and three were untraded.

Phosphagenics was the best, up 0.8 cents or 13.1 percent to 6.9 cents with 344,020 shares traded.

Genetic Technologies climbed 7.1 percent; Circadian was up 6.25 percent; Alchemia and IDT were up more than three percent; Starpharma rose two percent; Oncosil and Viralytics were up more than one percent; with Resmed up 0.3 percent.

Ellex led the falls, down three cents or 9.4 percent to 29 cents with 14,540 shares traded.

Benitec lost 6.5 percent; Cellmid, Optiscan and Pharmaxis fell more than three percent; Acrux, Bionomics, Clinuvel, Mesoblast and Prima shed more than two percent; Antisense, Atcor, Avita, Cochlear, Nanosonics, Osprey, Psivida and Sirtex were down one percent or more; with CSL and Impedimed down by less than one percent.

## GENETIC TECHNOLOGIES

Genetic Technologies founder Dr Mervyn Jacobson has been sentenced to two years and eight months gaol, with a minimum of 12 months, for conspiracy and market manipulation. In the Supreme Court of Victoria, Justice Stephen Kaye read a 27-page judgment, weighing the crimes and the need for general deterrence and denunciation against Dr Jacobson's age, health and previous "exceptionally good character".

Justice Kaye said that Dr Jacobson was convicted by the jury on two charges of conspiring to take part and 33 charges of taking part in transactions which had or were likely to have the effect of creating or maintaining an artificial price of GTG shares contrary to Section 1041A of the Corporations Act, relating to the purchase of shares by the Colorado-based XY Inc, as well as by himself, his daughter Tamara Newing and her husband Geoffrey Newing, between May 16 and November 2, 2006.

Justice Kaye said that Dr Jacobson and associates exercised 50 million options at 20 cents each and to finance the transaction borrowed about \$11.4 million from Opes Prime and lodged 106 million shares with a trustee, with Opes Prime entitled to make margin calls if the share price fell below a predetermined level, based on the closing price.

Justice Kaye said that Dr Jacobson borrowed a further \$2.5 million from Chimera Capital also with margin calls.

Justice Kaye said that to avoid the margin calls Dr Jacobson conspired with Geoffrey and Tamara Newing to buy shares through ABN Amro stockbroker Richard Wade and later by Dr Jacobson on behalf of XY Inc through Bell Potter trainee broker Rocco Musumeci.

Justice Kaye said that XY Inc had authorized the purchase of GTG shares as a good investment not knowing the funds were to avoid the margin calls.

Justice Kaye said Dr Jacobson had not entered into the arrangements to make a profit but to prevent the margin calls and had repaid the loans, and while some investors might have made decisions about buying Genetic Technologies shares they were not heavily traded.

His Honor said Dr Jacobson was experienced in international business and was not naïve.

Justice Kaye described Dr Jacobson's family and career as a medical entrepreneur including the founding of both Genetic Technologies and XY Inc, a collaboration with Colorado State University, as well as Immunaïd a company that "apparently produced successful results" in clinical trials for cancer at the Mayo Clinic.

His Honor said that Dr Jacobson had been active in philanthropic activities including efforts to save the American wolf and Ethiopian wolf and the brush-tailed rock-wallaby, as well as co-chairmanship of the Melbourne City Opera.

Justice Kaye said that since being charged Dr Jacobson had been diagnosed with persistent depressive disorder, had suicidal thoughts and was on medication to help him sleep as well as medication for other physical illnesses.

Justice Kaye said that a sentence of imprisonment involving immediate custody would be substantially more burdensome to Dr Jacobson than a younger man.

His Honor said that an automatic five year ban from running a corporation would be a significant penalty and Dr Jacobson would be unlikely to regenerate a working career.

Justice Kaye sentenced Dr Jacobson to a total of two years and eight months with a minimum of 12 months to be served and then to be released on a \$20,000 20-month good behavior bond.

In 2009 Mr Musumeci was sentenced to seven months imprisonment, fully suspended and Mr Wade was sentenced to 15 months imprisonment, fully suspended (BD: Feb 17, 2009).

Tamara Newing was sentenced to 21 months gaol but released immediately, primarily because of the death of her 14-year old son, Reagan, while Geoffrey Newing was gaoled for 22 months with a minimum of six months (BD: Mar 18, 2010; Feb 18, 2011).

Genetic Technologies was up 0.1 cents or 7.1 percent to 1.5 cents.

### VICTORIAN CLINICAL GENETICS SERVICES

The Victorian Clinical Genetics Services with San Diego California-based Illumina will provide a non-invasive prenatal test for genetic abnormalities.

The Victorian Clinical Genetics Services deputy laboratory director Dr Damien Bruno told Biotech Daily that the gene sequencing technology was based on Illumina's intellectual property developed and licenced for use in Australia.

A media release from Victorian Clinical Genetics Services said it was a subsidiary of the Murdoch Childrens Research Institute at Melbourne's Royal Children's and the agreement with Illumina added to its prenatal testing portfolio.

The VCGS said that it provides maternal serum screening for more than 58,000 women every year and offered clinical genetics services, including genetic counselling and education.

"This agreement positions VCGS at the frontier of pre-natal testing in Australia, and offers patients exciting and powerful new options for genetic testing," Dr Bruno said.

The VCGS said that its non-invasive prenatal test required maternal blood, which was used to analyze the pregnant woman's DNA to identify whether the foetus had chromosomal abnormalities, including Down syndrome.

The VCGS said that Down syndrome was the most common genetic disorder, occurring in about one in 700 births and at least 99 percent of all pregnancies with an extra copy of chromosome 21, which caused Down syndrome, could be detected using the test, from the tenth week of pregnancy.

The media release said that invasive procedures including amniocentesis and chorionic villus sampling had declined steadily since the introduction of non-invasive prenatal tests.

### STARPHARMA HOLDINGS

Starpharma says it that New Zealand has approved the sale of its Ansell Vivagel condom branded as Lifestyles Dual Protect.

Starpharma said it had completed all regulatory requirements to allow the marketing of the Vivagel condom.

The company said that commercial partner Ansell, along with Ansell's New Zealand distributor Ebos Group planned to launch the condom in 2015.

Starpharma said that Dual Protect with Vivagel was "the world's first antiviral condom".

Starpharma chief executive officer Dr Jackie Fairley said the company looked forward to further regulatory acceptances and launches in other regions in the future.

The company said that the New Zealand label for Dual Protect would carry the statement: "Dual Protect incorporates a lubricant which contains Vivagel. Vivagel has been shown in laboratory studies to inactivate up to 99.9 percent of HIV, Herpes and HPV".

Starpharma said that Dual Protect condoms were available in Australia.

Starpharma was up one cent or two percent to 50.5 cents.

### ATCOR MEDICAL

Atcor says it has raised \$1 million from institutional and sophisticated investors at 9.3 cents a share.

Atcor said that the cornerstone investor in the placement was the Sydney-based and ASX-listed investment company Oceania Capital Partners, which would hold about five percent of the company.

Atcor fell 0.1 cents or 1.1 percent to 9.3 cents.

## IMUGENE

Imugene says it will divest its interest in its non-core buccal and sub-lingual drug delivery platform Linguet to concentrate on its HER-Vaxx for cancer.

Imugene said it was seeking expressions of interest from parties to either purchase Linguet through a trade sale, licence or as a back door listing or distribution, with potentially priority rights awarded to Imugene shareholders.

The company said that Linguet used proprietary technology to improve the efficacy and safety of a diverse number of existing prescription and over-the-counter medicines and enables the active ingredients of drugs to be absorbed directly into the bloodstream when placed inside the cheek or under the tongue.

Imugene said it was developing a vitamin D supplement tablet to melts in the mouth.

In 2012, the then Conseгна, previously Helicon Group and now Rhinomed, sold the Linguet technology to Imugene for 100,000,000 Imugene shares and Conseгна chief executive officer Fabio Panutti was appointed Imugene chairman (BD: Aug 1, 2012).

Imugene was developing the technology for both vitamin D and ibuprofen but in 2013 discontinued development of the ibuprofen tablets.

Imugene's then executive director Dr Nick Ede said that "testing of our ibuprofen meltlet has been disappointing and ... this project has been discontinued" (BD: Sep 18, 2013).

Today, Imugene said its core focus would be with HER-Vaxx which was expected to enter phase II clinical trials for gastric cancer by the end of 2015.

Imugene said that to progress Linguet would be a distraction from HER-Vaxx.

The company said that it wanted "to conclude this matter expeditiously and parties that move quickly, either via an outright purchase or via an [initial public offer], with Imugene shareholder rights will be preferred".

Imugene was up 0.1 cents or 10 percent to 1.1 cents with 2.05 million shares traded.

## ANALYTICA

Analytica says chairman open proxy votes saved it from a first strike against its remuneration report.

The remuneration report was opposed by 19,921,779 votes (25.9%) with 56,867,672 votes (74.1%) in favor, but adding the 7,509,852 open proxy votes gave it a 76.4 percent majority to 23.6 percent opposition.

The Corporations Act (Section 250U) provides for a 'two strikes and re-election' process if a company's remuneration report is opposed by more than 25 percent of votes on two consecutive occasions, taking the company to a vote on a board spill motion.

The ratification of two placements faced about 10 percent opposition with the election of directors Warren Brooks and Carl Stubbings and the approval of the enhanced placement capacity passed overwhelmingly.

The company's most recent Appendix 3B new issue announcement said that Analytica had 939,220,439 shares on issue, meaning that the largest number of opposition votes, 22,308,946 votes against the placement capacity amounted to 2.4 percent of the company, not sufficient to requisition extraordinary general meetings.

Analytica was unchanged at 2.8 cents.

## ADVANCED SURGICAL DESIGN & MANUFACTURE

Advanced Surgical says it has formally changed its name to Allegra Orthopaedics, but will continue to trade under the ASX code of AMT.

Advanced Surgical was untraded at 5.5 cents.

## VIRALYTICS

BVF Partners and Mark Lampert say they have increased their substantial holding in Viralytics from 22,931,933 shares (12.46%) to 24,931,933 shares (13.55%).

The San Francisco, California-based BVF Partners and Mr Lampert said they acquired the 2,000,000 shares on-market for \$600,000 or 30 cents a share on November 26, 2014.

Viralytics was up half a cent or 1.6 percent to 31.5 cents.

## BONE MEDICAL

Bone says that founder and non-executive director Dr Roger New has resigned, effective immediately, and will be replaced by company secretary Phillip Wingate.

Bone said that Dr New had resigned as part of the termination and settlement of the Proxima Group licence and services agreements (BD: Nov 19, 2014).

Last year, Cornerstone Corporate said it hoped to recapitalize Bone and pay off its La Jolla Cove draw-down equity facility (BD: Nov 28, 2013;).

Bone said in January that Cornerstone was the lead manager to a \$4 million placement and managing director Robert Towner had been appointed non-executive chairman replacing Dr Roger New who continued as a director (BD: Jan 29, 2014).

Bone said at that time that the funds were to advance the pipeline, seek strategic growth opportunities, rebuild market value and general working capital purposes.

Today the company thanked Dr New for his contribution.

Bone said that Mr Wingate held a Bachelor of Commerce Degree from Western Australia's Curtin University and was also company secretary of ASX-listed companies Orinoco Gold and Potash Minerals.

Bone climbed 0.1 cents or 16.7 percent to 0.7 cents with 1.3 million shares traded.