



Biotech Daily

Wednesday June 11, 2014

Daily news on ASX-listed biotechnology companies

- * **ASX DOWN, BIOTECH UP: LIVING CELL UP 18%, ONCOSIL DOWN 5%**
- * **EX-PHOSPHAGENICS DR ROBERT GIANELLO, WOEI-JIA JIANG 'GUILTY'**
- * **HETTICH PAYS LBT \$1m MILESTONE**
- * **AVITA 10-PATIENT TRIAL: 'RECELL WORKS FOR DEPIGMENTATION'**
- * **CYNATA PARTNERS WITH GREY FOR NEBULIZED STEM CELLS**
- * **HUNTER HALL BELOW 5% IN VIRALYTICS**
- * **BVF PARTNERS, MARK LAMPERT TAKE 8% IN VIRALYTICS**
- * **MINING INVEST, ELIAS LEO KHOURI DILUTED TO 23% OF BIOPROSPECT**
- * **KFT FOR GJK TAKES 5% OF UNIVERSAL BIOSENSORS**
- * **MEDICAL DEVELOPMENTS APPOINTS MARK EDWARDS CO SEC**

MARKET REPORT

The Australian stock market fell 0.29 percent on Wednesday June 11, 2014 with the S&P ASX 200 down 15.7 points to 5,454.0 points. Nineteen of the Biotech Daily Top 40 stocks were up, seven fell, 11 traded unchanged and three were untraded.

Living Cell was the best, up 0.9 cents or 18.4 percent to 5.8 cents with 90,922 shares traded, followed by Compumedics up 18.2 percent to 13 cents with 509,424 shares traded and Admedus up 13.0 percent to 13 cents with 11.6 million shares traded.

Acrux and Biotron climbed 10 percent or more; Universal Biosensors was up 8.8 percent; Bionomics rose 7.1 percent; Analytica was up 6.4 percent; Benitec climbed 5.7 percent; Avita and Prana were up more than four percent; Clinuvel was up 3.7 percent; Osprey rose 2.1 percent; Pharmaxis, Phosphagenics, Resmed, Starpharma and Tissue Therapies were up more than one percent; with Nanosonics and Sirtex up less than one percent.

Oncosil led the falls, down 0.5 cents or 4.55 percent to 10.5 cents with 1.95 million shares traded.

Uscom lost 3.85 percent; Alchemia, GI Dynamics and Impedimed shed more than two percent; Viralytics was down 1.75 percent; with Cochlear, CSL and Mesoblast down by less than one percent.

PHOSPHAGENICS, AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

Former Phosphagenics employee Dr Robert Gianello and Dr Woei-Jia Jiang have pleaded guilty to charges of obtaining money by deception.

In a media release, the Australian Securities and Investments Commission said that Dr Gianello appeared in the Melbourne Magistrates Court today on three charges relating to his role in the theft of more than \$4.6 million from the company.

ASIC said that Dr Jiang, 51, of Glen Waverley, Victoria also pleaded guilty to three charges of obtaining money by deception.

An officer of the Melbourne Magistrates Court told Biotech Daily that Magistrate Charles Rozencwajg presided over the committal hearings and Dr Gianello and Dr Jiang were bailed to appear at the County Court of Victoria on August 20, 2014.

ASIC said that Dr Robert Gianello, 59, of Sassafra, Victoria, pleaded guilty to three charges of obtaining money by deception from Phosphagenics and its subsidiary, Vital Health Sciences between November 2004 and August 2012, involving \$4,635,917.

ASIC said that between November 2004 and June 2008, Dr Gianello was employed by Monash University and worked on research and development on behalf of Vital Health Sciences and was a partner in a business which submitted allegedly false invoices to Vital Health Sciences.

ASIC said that in July 2008, Dr Gianello joined Phosphagenics as an employee and until August 2012 agreed to the submission of the allegedly false invoices by a company associated with Dr Woei-Jia Jiang.

ASIC said that Dr Jiang was the director of two companies which submitted allegedly false invoices to Phosphagenics and Vital.

ASIC said that the charges against Dr Jiang covered the period from June 2008 to June 2013 and involved \$4,392,035.

ASIC said that the matters were being prosecuted by the Commonwealth Director of Public Prosecutions.

ASIC said that former Phosphagenics chief executive officer Dr Esra Ogru had been charged with nine offences, including conspiracy to obtain money and dishonestly using her position as a director to gain an advantage for herself, had not entered a plea and had been bailed to appear at the Melbourne Magistrates Court for a committal mention on August 11, 2014 (BD: May 16, 2014).

Phosphagenics was up 0.1 cents or 1.2 percent to 8.4 cents.

LBT INNOVATIONS

LBT says it has received the third of four \$1 million milestone payments for the development of its automated plate assessment system (APAS).

LBT said that the payment brought the total received to \$5 million and came through Clever Culture Systems AG a 50-50 joint venture with Hettich AG Switzerland and would be used to pay for the completion of the APAS software development.

The company said it was preparing new commercial software modules for clinical trials scheduled to begin in Australia and the US this year.

LBT said that the fourth milestone payment of \$1 million was expected by the end of 2014, subject to progress with the clinical trials.

LBT said that Clever Culture Systems was in discussions with prospective distribution partners and it was forecast that APAS would be launched "in late 2015".

The company said that clinical trials this year would precede regulatory submissions to the US Food and Drug Administration.

LBT was unchanged at 16 cents.

AVITA MEDICAL

Avita says that a 10-patient trial of Recell Spray-on Skin for patients with depigmented skin lesions has shown statistically significant results.

Avita said that the randomized, within-subject controlled pilot trial was facilitated by the Stichting Nederlands Instituut voor Pigmentstoornissen or Netherlands Institute for Pigment Disorders.

The company said that principal investigator, the Institute's Dr Albert Wolkerstorfer, found that Recell was effective in treating patients with vitiligo and piebaldism.

"The study has provided positive clinical data on the tolerability and effectiveness of Recell in the management and treatment of these disorders when combined with [carbon dioxide] laser treatment, compared to administering [carbon dioxide] laser treatment without Recell," Dr Wolkerstorfer said.

Avita said that its Recell was a single-use autologous skin cell harvesting technology, which had been used successfully for vitiligo or piebaldism in place of costly permanent laboratory facilities.

Avita interim chief executive officer Timothy Rooney said that similar to recent results reported by German-based Prof Matthias Aust, the new results highlighted Recell as an innovative and effective treatment for a large, under-served population.

Avita research and technology vice-president Andrew Quick said that "although the number of subjects was limited, Recell treatment resulted in statistically significant improvements relative to the two control conditions in each patient".

Avita was up half a cent or 4.55 percent to 11.5 cents.

CYNATA

Cynata says it plans to partner with Grey Innovation to develop lung disorder treatments through the direct delivery of Cymerus stem cells into the lung.

Cynata said that the delivery of stem cells into the lung required the specialized nebulizer system Respire, developed at Monash University and being commercialized by a team from Royal Melbourne Institute of Technology University, Eastern Health and the Melbourne-based engineering technology commercialization company, Grey Innovation.

The company said that a heads of agreement had been signed to apply the Respire technology to test the delivery of its Cymerus cells for future treatment of lung disorders.

Cynata chief executive officer Dr Ross Macdonald told Biotech Daily that the collaboration "could be a new company or a joint venture and both parties will share the commercial upside".

"This deal allows us to follow a clinical opportunity for stem cells without distracting Cynata from our main game," Dr Macdonald said.

Cynata said that there was a need for treatments for serious and debilitating lung disorders, including treating underdeveloped lungs in newborn babies and chronic obstructive pulmonary disease (COPD) in adults and initial research efforts suggested that stem cell treatments might hold promise.

The Monash Institute of Medical Research's Prof Graham Jenkin said that "access to large amounts of high quality clinical grade mesenchymal stem cells is essential to develop these treatments and to compare stem cells derived from different sources for their safety and efficacy".

"Direct lung delivery of mesenchymal stem cells would be a substantial advance in the use of stem cells for the treatment of debilitating lung disorders such as COPD and bronchopulmonary dysplasia in newborn babies in particular," Prof Jenkin said.

Cynata was up four cents or 9.5 percent to 46 cents.

VIRALYTICS

Hunter Hall Investment Management has reduced its holding in Viralytics below the 5.0 percent substantial shareholder level.

Last month Hunter Hall became a substantial shareholder in Viralytics with 9,732,995 shares (5.29%) acquiring the shares between February 3 and May 22, 2014 with more than half acquired on March 6 at the time of Viralytics \$27 million placement at 28 cents a share (BD: Mar 13, 27, 2014).

Today, Hunter Hall said it held 7,985,128 shares or 4.34 percent with the single largest sale on June 6, 2014 of 1,050,000 shares for \$293,265 or 27.9 cents a share.

Viralytics fell 0.5 cents or 1.75 percent to 28 cents.

VIRALYTICS

BVF Partners and Mark Lampert say they have increased their substantial holding in Viralytics from 12,315,270 (6.69%) to 14,807,075 shares (8.05%).

In March, the San Francisco, California-based BVF Partners and Mr Lampert became substantial in Viralytics through participation in the company's \$27 million placement at 28 cents a share (BD: Mar 13, 14, 2014).

The notice said that the single largest acquisition was on June 6, when the group bought 2,007,774 shares for \$561,976 or 28 cents a share.

BIOPROSPECT

Mining Investments says it has increased its share holding but has been diluted in Bioprospect from 700,000,000 shares (24.15%) to 735,000,000 shares (23.16%).

Newport, Victoria-based Mining Investments substantial shareholder notice was signed by director Elias Khouri and said that the shares were acquired between April 2, and May 2, 2014 with the most recent trades 10,000,000 shares for \$30,000 or 0.3 cents a share.

In 2010, Elias Leo (The Gun) Khouri resigned as a director of Bioprospect citing the company's dispute with Solagran over its pine needle extract cure-all for liver disease and Alzheimer's disease (BD: Sep 17, 2010).

Bioprospect was up 0.1 cents or 33.3 percent to 0.4 cents with 3.2 million shares traded.

UNIVERSAL BIOSENSORS

KFT Investments as trustee for GJK Principal Trust says it has become substantial in Universal Biosensors with 9,427,185 Chess depositary interests (5.38%).

The substantial shareholder notice said that the Chirnside Park, Victoria-based KFT held 2,000,000 CDIs for GJK and Kaasim Pty Ltd held 7,427,185 CDIs as trustee of the George Kepper Superannuation Fund.

The single largest acquisition was on August 15, 2006 when Kaasim acquired 4,530,940 CDIs for \$1,979,414 or 43.7 cents per CDI, with a "non-cash distribution in specie" of 2,000,000 CDIs on September 27, 2013.

Universal Biosensors was up 1.5 cents or 8.8 percent to 18.5 cents.

MEDICAL DEVELOPMENTS INTERNATIONAL

Medical Developments says that Mark Edwards will replace Andrew Manhire as company secretary.

Medical Developments said that Mr Edwards was most recently Cogstate's company secretary and previously worked in Ernst and Young's assurance and advisory business services division for 13 years.

Medical Developments was unchanged at \$1.21.