



Biotech Daily

Thursday October 15, 2015

Daily news on ASX-listed biotechnology companies

- * **ASX UP, BIOTECH DOWN: ATCOR UP 9%; TISSUE THERAPIES DOWN 12%**
- * **COCHLEAR, GN RESOUND 'SMART HEARING ALLIANCE'**
- * **ORTHOCELL ACI STUDY: 'KNEE, ANKLE CARTILAGE UTILITY'**
- * **UNIVERSAL BIO STRIP SALES BEAT 500m UNITS, PT-INR TEST DELAY**
- * **PROTEOMICS LOYALTY OPTIONS RAISE \$126k**
- * **CSL 11% OPPOSE CEO 'PERFORMANCE' STOCK, AGAIN; \$1b BUY-BACK**
- * **JCP TAKES 5% OF NANOSONICS**
- * **GOLDMAN SACHS ABOVE 5% OF NANOSONICS, YET AGAIN**
- * **ANTISENSE APPOINTS WILLIAM GOOLSBEE DIRECTOR**
- * **PRESCIENT LOSES M-D DR ROBERT CROMBIE**

MARKET REPORT

The Australian stock market was up 0.63 percent on Thursday October 15, 2015, with the ASX200 up 32.7 points to 5,230.0 points. Twelve of the Biotech Daily Top 40 stocks were up, 20 fell and eight traded unchanged.

Atcor was the best, up 2.5 cents or 9.4 percent to 29 cents, with 218,331 shares traded.

Prana and Reva climbed more than eight percent; Circadian was up 6.1 percent; Actinogen was up five percent; Impedimed, Prima and Pro Medicus improved more than three percent; Biotron, Medical Developments, Resmed and Universal Biosensors rose more than one percent; with Mesoblast up 0.3 percent.

Tissue Therapies led the falls, down 0.7 cents or 11.7 percent to 5.3 cents with 289,370 shares traded, followed by Antisense down 10.1 percent to eight cents with 225,000 shares traded.

Viralytics lost seven percent; Benitec and Bionomics fell more than five percent; Acrux, Optiscan and Psivida fell more than four percent; Cellmid and Oncosil were down more than three percent; Clinuvel, Ellex, Living Cell, Pharmaxis and Uscom shed more than two percent; Anteo, Cochlear, Osprey and Starpharma were down more than one percent; with CSL, Orthocell and Sirtex down more than one percent.

COCHLEAR

In a media release not posted to the ASX, Cochlear says that with the Copenhagen-based GN Resound it will “develop the world’s smartest” bimodal hearing products.

Cochlear said GN Resound was “the leader in smart hearing-aids”, it was the “leader in implantable hearing [products]” and the alliance would “improve the hearing outcomes for more people of all ages with moderate to profound hearing loss ... [and it would] simplify the management of hearing solutions for hearing health professionals”.

Cochlear said the two companies began collaborating in 2011, which brought to market the implantable hearing industry’s first bimodal product using GN’s True Wireless.

The company said that by using GN’s 2.4 GHz wireless technology, recipients of Cochlear’s Nucleus 6 and Baha 5 implants could stream sound directly to their ears without wires or bulky neck-worn components.

The company said that the Smart Hearing Alliance would develop and commercialize “the world’s smartest bimodal solutions” significantly expanding the existing collaboration, extending the market reach and product choice of both companies and leverage their technology-leading positions in implantable hearing, hearing aids and wireless solutions.

The company said that the bimodal products would “improve hearing outcomes and experiences and simplify recipient management for hearing health professionals”.

In a joint statement GN chief executive officer Anders Hedegaard and Cochlear chief executive officer Chris Smith said the “greatly expanded partnership makes incredible strides in bringing natural, effortless hearing to more consumers with the most severe types of hearing loss”.

“This is a big step forward for our customers and professionals,” Mr Smith said.

“The majority of cochlear implant recipients are bimodal users, so simplifying the management and improving the performance of their hearing solutions will be a huge benefit,” Mr Smith said.

Cochlear fell \$1.04 or 1.2 percent to \$84.39 with 224,469 shares traded.

ORTHOCELL

Orthocell says its autologous chondrocyte implants show more than 80 percent positive outcomes for articular cartilage defects of the knee and ankle (BD: Apr 16, 2014).

Orthocell said that the mean, two-year follow up data of the autologous chondrocyte implants (Ortho-ACI) for articular cartilage defects of the knee and ankle would be presented today at the Australian Orthopaedic Association’s meeting in Brisbane and the Singaporean Orthopaedic Association’s meeting, also today.

The company said that the retrospective analysis of 38 patients with symptomatic cartilage defects of the knee, showed 89 percent good to excellent outcomes on magnetic resonance imaging (MRI) assessment and 83 percent good to excellent outcomes on arthroscopic assessment.

Orthocell said that the study was conducted by the Melbourne-based Epworth Hospital surgeon Dr Raymond Crowe in conjunction with the University of Western Australia.

Orthocell chief executive officer Paul Anderson said that the “demonstrates the effectiveness of Ortho-ACI in the regeneration of articular cartilage defects”.

“These defects are often difficult to treat and can lead to degenerative osteoarthritis so a consistent and cost effective treatment is highly desired,” Mr Anderson said.

“As the population ages, mobility becomes a significant issue and so doctors and patients are seeking out proven treatments to increase patients’ mobility and quality of life,” Mr Anderson said.

Orthocell fell half a cent or 0.8 percent to 65 cents.

UNIVERSAL BIOSENSORS

Universal Biosensors says that for the first time in a calendar year sales of Onetouch Verio blood glucose test strips have exceeded 500 million strips.

Universal Biosensors said that under its agreement with Johnson & Johnson division Lifescan it receives 1.25 US cents for the first 500 million strips in a calendar year and 0.75 US cents for sales of more than 500 million within that calendar year, with the rate resetting to 1.25 US cents at the beginning of every calendar year.

The company said that the volume of strips sold increased by 123 percent compared to the nine months to September 30, 2014 and by 12 percent compared to the three months to June 30, 2015.

In its quarterly report for the three months to September 30, 2015, Universal Biosensors said that with the lower rate, the 12 percent increase in sales translated into a seven percent quarter-on-quarter fall in fees for the three months to September 30, 2015, which was up 113 percent to \$US2,353,903 (\$A3,357,922).

The company said that product revenue from the manufacture of the Xprecia Stride prothrombin time, international normalized ratio (PT-INR) test strips for Siemens Healthcare increased by 303 percent to \$553,000 in the three months to September 30, 2015 compared to the same period in the previous financial year.

Universal Biosensors said it had generated a cash surplus of \$1 million during the nine months of 2015 and it had a cash balance of \$17.35 million at September 30, 2015.

Separately, the company said that development of its own PT-INR testing system for decentralised settings such as doctors' offices and patients' homes was undergoing a program of product reliability and performance testing to verify the system was ready for clinical trials and usability studies.

Universal Biosensors said it was finalizing clinical sites for the start of regulatory clinical trials and as soon as sufficient clinical data had been collected to demonstrate performance across an appropriate patient population, it would seek Conformité Européenne (CE) mark self-certification and approve the product for initial European release, which it expected by July 2016.

In March, Universal Biosensors said it was targeting the launch of its test by the end of 2015 (BD: Mar 13, 2015).

The company said that the majority of the costs of associated product development would be incurred before the end of 2015.

Universal Biosensors said its point-of-care PT-INR testing system would be used by patients and physicians to monitor the use of the oral anticoagulant drug warfarin and it was in negotiations with distributors in initial target markets.

Universal Biosensors chief executive officer Paul Wright said the company was "looking forward to bringing our first ... product to market in an emerging segment of the point-of-care testing market".

"We believe this initiative can deliver good returns for [the company] as well as establishing foundations that we can build on in the future in terms of product and distribution capabilities," Mr Wright said.

Universal Biosensors said that there were about 10 million warfarin users world-wide and the point-of-care PT-INR testing market was estimated to be worth more than \$US700 million and growing at about 10 percent a year.

The company said that about 30 percent of the market was testing at a physician's office and in the home, with home testing experiencing the strongest growth driven by convenience and health benefits.

Universal Biosensors was up half a cent or 1.2 percent to 42 cents.

PROTEOMICS INTERNATIONAL LABORATORIES

Proteomics says it had a 63.7 percent take-up for its fully-underwritten, non-renounceable loyalty option issue, raising \$80,653.

Proteomics said that 338 shareholders subscribed for 8,065,303 options exercisable at 20 cents each by March 31, 2018, and the shortfall of 4,580,060 options would be placed by the Sydney-based underwriter K S Capital Pty Ltd.

Proteomics was untraded at 24 cents.

CSL

All resolutions at the CSL annual general meeting were passed, but with up to 11.03 percent opposition to the grant of stock to chief executive officer Paul Perreault.

Last year, the CSL meeting also passed all resolutions but with 27,625,904 votes (10.7%) against the grant of the free 'performance' options and free rights worth up to \$US2,932,500 (\$A3,358,560) (BD: Sep 12, Oct 15, 2014).

Today, CSL said that the proposal to grant Mr Perreault free 'performance' options and free rights worth up to \$US3,764,650 (\$A5,146,184) was supported by 235,005,725 votes (88.97%) and opposed by 29,146,031 votes (11.03%).

The remuneration report was opposed by 9.9 million votes (3.75%) with 254.0 million votes in favor with more than 99 percent of votes supporting the renewal of takeover provisions and the re-election of directors David Anstice and Maurice Renshaw.

CSL's most recent Appendix 3B said the company had 464,984,749 shares on issue meaning that the largest opposition vote, to Mr Perreault's options and rights, amounted to 6.3 percent, an increase in proportion from last year's 5.8 percent, of the company's total shares on issue, sufficient to requisition extraordinary general meetings.

CSL announced a further \$1 billion share buy-back.

CSL fell cents or 0.3 percent to \$88.99 with 1.2 million shares traded.

NANOSONICS

The Melbourne-based JCP Investment Partners says it has become substantial in Nanosonics acquiring 14,192,152 shares or 5.01 percent

JCP said that through registered holders National Nominees, HSBC Custody Nominees, BNP Paribas Nominees and JP Morgan Nominees it bought the shares between June 13 and October 13, 2015 with the single largest purchase 2,603,960 shares for \$4,213,491 or \$1.62 a share.

Nanosonics was unchanged at \$1.33.

NANOSONICS

The Delaware-based Goldman Sachs Group says that, yet again, it has become substantial in Nanosonics with 14,520,706 shares or 5.12 percent.

Earlier this month, Goldman Sachs said it had become substantial in Nanosonics with 14,256,636 shares or 5.03 percent, buying or borrowing shares and the next day said it ceased its substantial holding, returning 1,247,750 shares "to the counterparty under a repurchase agreement" for no applicable consideration (BD: Oct 2, 5, 2015).

Previously, under a counterparty agreement, Goldman Sachs returned, lent and borrowed shares held by subsidiaries, Rothesay Life, JP Morgan Chase, RBC Dexia Australian, HSBC Custody Nominees Australia and the Bank of New York Mellon (BD: Apr 13, 2015).

ANTISENSE THERAPEUTICS

Antisense says that William Goolsbee has been appointed as a non-executive director. Antisense said that Mr Goolsbee had a 30 year career in the medical device and biopharmaceutical industries and had been a director and chairman of the Cambridge, Massachusetts-based Sarepta Therapeutics, which was developing RNA based therapeutics with their lead program in Duchenne muscular dystrophy.

The company said that Mr Goolsbee had “extensive experience in drug development and commercialisation especially in the orphan drug RNA therapeutics space ... [and] strong connections with US capital markets and potential strategic investors and partners.

Antisense said that Mr Goolsbee was founder, chairman and chief executive officer of Horizon Medical until its acquisition by a unit of UBS Private Equity in 2002 and was a founding director and later chairman of Immunotherapy Corp in 1993, until its acquisition by AVI Biopharma, now Sarepta Therapeutics, in 1998.

The company said that Mr Goolsbee held a Bachelor of Arts from the University of California at Santa Barbara.

Antisense fell 0.9 cents or 10.1 percent to eight cents.

PRESCIENT THERAPEUTICS

Prescient says that managing director Dr Robert Crombie has resigned “to focus on other business opportunities” and a search for his replacement has begun.

Prescient, then known as Virax Holdings, appointed Dr Crombie managing director effective from June 16, 2014 (BD: May 15, 2014)

Prescient said that executive director Paul Hopper would lead the company until a replacement was appointed.

Prescient chairman Steven Engle said the board was “appreciative to Rob for his contributions in initiating the clinical programs and building the management team during the first 18 months of the company’s life”.

Prescient fell half a cent or 7.25 percent to 6.4 cents.