



Biotech Daily

Tuesday November 17, 2015

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH UP: OPTISCAN UP 10%; ORTHOCELL DOWN 8%**
- * **CMRI TELOMERE STUDY 'COULD LEAD TO 85% CANCER TREATMENT'**
- * **MESOBLAST US IPO PUSHES ASX SHARE PRICE DOWN 42%**
- * **OPTISCAN CONFIRMS FIRST \$141k CELLLIVE ORDER**
- * **INVION FILES FDA END-OF-PHASE II MEETING REQUEST**
- * **ORTHOCELL TO RAISE \$4.4m**
- * **SUDA REMUNERATION 1st STRIKE WITH 26.5% AGAINST**
- * **IDT REQUESTS CAPITAL RAISING TRADING HALT**
- * **BRAIN REQUESTS CAPITAL RAISING TRADING HALT**
- * **BANK OF AMERICA, MERRILL LYNCH 'RETURN' TO BELOW 5% OF IDT**
- * **ANTISENSE PLEADS SCHULTZ TO ASX 25% QUERY**
- * **BIO-MELBOURNE NOVEMBER PARTNERING FORUM**
- * **IQ3 APPOINTED CORPORATE ADVISOR TO IQNOVATE EMEDIA DEAL**
- * **ALLEGRA APPOINTS SEAN MULHEARN DIRECTOR**

MARKET REPORT

The Australian stock market climbed 2.29 percent on Tuesday November 17, 2015 with the ASX200 up 114.4 points to 5,118.2 points. Sixteen of the Biotech Daily Top 40 stocks were up, 14 fell, six traded unchanged and four were untraded. All three Big Caps rose.

Optiscan was the best, up 0.4 cents or 10.3 percent to 4.3 cents with 1.3 million shares traded. Benitec climbed 9.6 percent; Bionomics and Polynovo were up more than eight percent; Compumedics and Oncosil were up more than six percent; Pro Medicus and Tissue Therapies were up more than five percent; Admedus, Sirtex and Viralytics rose more than four percent; Cochlear was up 3.1 percent; Universal Biosensors was up 2.35 percent; with Clinuvel, CSL, Impedimed, Medical Developments, Resmed and Reva up more than one percent.

Orthocell led the falls, down 4.5 cents or 8.4 percent to 49 cents with 634,869 shares traded. Antisense lost 7.8 percent; Starpharma shed 5.6 percent; Genetic Technologies, Living Cell and Neuren fell four percent or more; Nanosonics was down 3.75 percent; with Biotron, Mesoblast and Uscom down more than two percent.

CHILDREN'S MEDICAL RESEARCH INSTITUTE

The Children's Medical Research Institute says research on telomeres makes possible combined therapies for treatment of 85 percent of all cancers with fewer side effects.

The Sydney-based Institute's research team leader Prof Tracy Bryan said the telomeres were "a type of DNA inside cells that is gradually lost over time, a process which acts as a clock telling the cells of our body to age, but cancer cells counteract this clock and keep growing out of control".

"They essentially reset the timer over and over again by adding back telomere DNA, using a molecular motor called telomerase," Prof Bryan said.

The Institute said that the study showed that two factors were important for the telomere process in cancer cells, the genes ataxia telangiectasia mutated (ATM) and ataxia telangiectasia and Rad3-related kinase (ATR), key signalling molecules inside cells that respond to DNA damage, like that which occurs during cancer development through exposure to chemicals or ultra-violet light.

CMRI said its researchers found that when either of the ATM or ATR molecules were missing, the telomere clock would not be reset.

The Institute said that, specifically, telomerase needed ATM and ATR in order to assemble and in order to reach telomeres.

CMRI said that meant that new cancer treatments under development, some aimed at impairing telomerase function and others aimed at ATM, could be used together to increase their effectiveness against most types of cancer.

The Institute said that the details of how ATM and ATR could control telomerase were described, as well as further evidence that specific types of DNA damage could trigger telomerase action.

The research, entitled 'ATM and ATR Signaling Regulate the Recruitment of Human Telomerase to Telomeres' was published in the journal Cell Reports and an abstract is available at: [http://www.cell.com/cell-reports/fulltext/S2211-1247\(15\)01211-5](http://www.cell.com/cell-reports/fulltext/S2211-1247(15)01211-5).

"In effect, cancer cells are stacking the odds in their favour by exploiting the way that normal cells protect themselves against DNA damage and using it to turn themselves immortal," Prof Bryan said.

"Because ATM is required for recruitment of telomerase to telomeres in human cell lines, this also explains the long-standing observation of short telomeres in the ATM-deficient cells of ataxia telangiectasia (AT) patients, who have impaired brain function, signs of premature aging, as well as increased risk of certain types of cancers," Prof Bryan said.

MESOBLAST

Mesoblast has fallen 14.4 percent from its Nasdaq initial US public offer price of \$US8.00 and as much as 41.6 percent below its previous ASX price of \$3.41.

Mesoblast listed on the Nasdaq on November 13, 2015, under the code MESO, climbing 11 US cents to \$US8.11 with nearly two million shares traded.

Last night on the Nasdaq, following the 38.4 percent tumble on the ASX, Mesoblast fell \$US1.26 or 15.54 percent to \$US6.85 (\$A9.65) with 463,621 American depository shares (ADSs) traded.

Prior to the Nasdaq listing, Mesoblast was trading at \$3.41.

Mesoblast said that each ADS was equivalent to five Australian shares implying that last night's Nasdaq closing price was equivalent to \$1.93, a 43.4 percent fall.

On the ASX today, Mesoblast fell as low as \$1.99, 41.6 percent below the \$3.41 close prior to the US public offer.

Mesoblast closed down six cents or 2.9 percent to \$2.04 with 4.9 million shares traded.

OPTISCAN

Optiscan says that UK distributor MR Solutions has confirmed its first order for \$US100,000 (\$A141,092) for two Celllive systems to be placed at key reference sites. In September, Optiscan said the Celllive imaging platform was based on its confocal microscope technology and had real-time, three-dimensional, fluorescence microscopic imaging for pre-clinical research applications (BD: Sep 4, 2015).

Today, Optiscan said that MR Solutions had been developing and following up on leads which were expected to support sales of the Celllive system in 2016 and when finalized, the systems will be shipped to the selected sites over the next six months, but most likely by April 2016.

Optiscan was up 0.4 cents or 10.3 percent to 4.3 cents with 1.3 million shares traded.

INVION

Invion says it has filed its request for an end of phase II meeting with the US Food and Drug Administration and expects a meeting "early next year".

Invion chief executive officer Dr Greg Collier that the application was filed this week and included further safety and tolerability data from the company's on-going analysis of the phase II trial of INV102, or nadolol, for smoking cessation.

In October, Invion said the 155-patient, phase II trial showed that it assisted abstinence and reduced the number of cigarettes smoked and that INV102 was about twice as effective in patients remaining abstinent after eight weeks treatment at the maximum dose, compared to those on placebo (BD: Oct 5, 2015).

Today, Dr Collier said that INV102 showed a statistically significant effect on biomarker MUC5AC independent of inflammation markers ($p < 0.05$).

Invion said that MUC5AC was one of the major biomarkers reflecting mucous metaplasia in airways and it was statistically significantly decreased from baseline to the end of maintenance at visit eight in an analysis of all subjects who completed titration.

The company said that MUC5AC and other biomarkers were being analyzed further to determine whether baseline levels or biomarker responses during treatment defined a more targeted population for phase III studies.

Invion said that the data analysis had contributed to the submission of an abstract to the 2016 American Thoracic Society annual meeting.

Invion chief medical officer Dr Mitchell Glass said the analysis indicated an interaction between MUC5AC and the ability of patients to quit smoking who previously failed to quit due to chronic cough.

Invion was up 0.1 cents or 12.5 percent to 0.9 cents with 3.2 million shares traded.

ORTHOCELL

Orthocell says it expects to raise \$4,426,862 through a placement to investors in the US, Australia and, subject to shareholder approval, company directors and officers.

Orthocell said it would place 8,776,597 shares at 49.3 cents a share to raise \$4,326,862 from institutional investors, which was expected to be completed on November 20, 2015, and 202,840 shares to raise \$100,000 from directors and officers.

The company said the investment was being led by two new US based institutional investors and Roth Capital Partners acted as sole US placement agent and each new share would come with 1.35 attaching options, exercisable at 58 cents within five years. The company said that funds would be used for its portfolio and for working capital.

Orthocell fell 4.5 cents or 8.4 percent to 49 cents.

SUDA

The Suda remuneration report was opposed by 29,783,542 votes or 26.5 percent, providing the first trigger for a potential board spill at the next annual general meeting.

Suda said that 82,643,059 votes (73.5%) supported the remuneration report.

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.

Suda said that executive chairman Stephen Carter was re-elected with 84,129,761 shares in favor (73.6%), but 30,200,632 votes (26.4%) were cast against the resolution.

The company's most recent Appendix 3B new issue announcement said that Suda had 1,140,584,134 shares on issue, meaning that the votes against the remuneration report amounted to 2.6 percent of the company, not sufficient to requisition extraordinary general meetings.

The company said that all other resolutions were passed by wider margins, with the adoption of a new constitution passed overwhelmingly.

Suda was unchanged at 2.9 cents with 2.4 million shares traded.

IDT AUSTRALIA

IDT has requested a trading halt pending an announcement "in relation to a proposed capital raising".

Trading will resume on November 19, 2015 or on an earlier announcement.

IDT last traded at 38 cents.

BRAIN RESOURCE

Brain has requested a trading halt "pending a material announcement to the market concerning a capital raising".

Trading will resume on November 19, 2015 or on an earlier announcement.

Brain last traded at 22 cents.

IDT AUSTRALIA

Bank of America Corp and related companies including Merrill Lynch says that they have ceased their substantial shareholding in IDT.

In February, Bank of America Corp and related companies became substantial in IDT with 11,125,000 shares or 5.82 percent of the company (BD: Feb 2, 2015).

The substantial shareholder notice in the name of Bank of America said that Merrill Lynch (Australia) Futures had the "power to control voting and or/disposal of securities ... as ultimate beneficial owner" and Merrill Lynch International (Australia) had the same authority under a prime brokerage agreement.

The notice said that Merrill Lynch (Australia) Futures bought 8,700,000 shares for \$1,305,000 or 15 cents a share and Merrill Lynch International (Australia) had "borrowed" 2,425,000 shares.

Today, Bank of America said that it bought 10,000 shares for \$3,500 or 35 cents a share and "returned" 2,425,000 borrowed shares for no applicable cost.

ANTISENSE THERAPEUTICS

Antisense has told the ASX that it is not aware of any information it has not announced which, if known, could explain recent trading in its securities.

The ASX said the company's share price rose 25 percent from 7.2 cents to 9.0 cents, yesterday, November 16, 2015 and noted an increase in trading volume.

Antisense said that it had held its annual general meeting on November 12, 2015 which "highlighted the recent appointment of two US based directors" (BD: Nov 16, 2015).

Antisense fell 0.7 cents or 7.8 percent to 8.3 cents.

BIO-MELBOURNE NETWORK

The Bio-Melbourne Network says will hold a half-day partnering forum covering biotechnology, medical technology, pharmaceuticals and digital health.

The Network said that the November 27, 2015 health technology partnering forum, entitled 'Collaborate to Innovate: Approaches to Partnering' would hear approaches to partnering and collaboration from the perspective of global companies and local businesses and include a panel discussion on partnering across the product development lifecycle, recent industry case studies and presentations and a panel discussion on new approaches to partnering and collaboration

Bio-Melbourne Network chief executive officer Dr Krystal Evans said that the event "will feature 10 speakers over three sessions and explore engaging and dealing with multinational strategic partners, new business models as well as future challenges and opportunities in the global health innovation landscape."

The Network said the speakers included Johnson & Johnson Asia Pacific Innovation Centre's Director Kathy Connell, Pfizer Australia senior director Dr Dan Grant, University of Melbourne life sciences director Dr Kerry Hegarty, Acrux chief executive officer Michael Kotsanis, Hatchtech chief executive officer Hugh Alsop, Tetraq chief executive officer Maree Smith, Admedus chief operating officer Dr Julian Chick; IBM's Asia Pacific's David Mast, Hydrix general-manager Bill Hill and APAC Health director and co-founder Dr Chris Sotiropoulos.

The Bio-Melbourne Network said that the November 27, 2015 forum would be held at Piper Alderman, Level 24, 385 Bourke Street, Melbourne, with registration from 8:15am and the forum running from 8:45am to 11:55am, followed by networking lunch.

To register go to: <http://www.biomelbourne.org/events/view/395>.

IQ3 CORP

IQ3 says it has been appointed as corporate advisor to the Iqnovate agreement to acquire 50 percent of Emedia Creative and the proposed ASX listing of Emedia.

IQ3 chief executive officer Dr George Syrmalis said that Iqnovate was "a ground breaking, innovative business ... joining forces with a most inspiring and creative media house Emedia, creating a partnership that communicates life sciences in a coherent manner across society".

IQ3 said that Dr Syrmalis was also the chief executive officer of Iqnovate.

IQ3 was untraded at 31.5 cents.

ALLEGRA ORTHOPAEDICS

Allegra says it has appointed Sean Mulhearn as a director.

Allegra said that Mr Mulhearn had 30 years experience in financial markets in Asia, Europe and the Americas and had expertise in risk management.

The company said that Mr Mulhearn recently founded the advisory firm Jacaranda Capital Partners with offices in Singapore and Australia.

Allegra said that Mr Mulhearn held a Bachelor of Economics from the University of Sydney.

Allegra was untraded at 25 cents.