



# Biotech Daily

Thursday May 28, 2015

*Daily news on ASX-listed biotechnology companies*

- \* **ASX, BIOTECH DOWN: ANTISENSE UP 14%, PRIMA DOWN 12%**
- \* **FEDERAL GOVERNMENT INTRODUCES 1.5% R&D TAX INCENTIVE CUT  
- AUSBIOTECH 'BITTERLY DISAPPOINTED', ASKS SENATE TO BLOCK**
- \* **ORTHOCELL RECEIVES \$1m FEDERAL R&D TAX REFUND**
- \* **BIODIEM'S OPAL TO RAISE UP TO \$4m**
- \* **DORSAVI SIGNS 2 US BASKETBALL TEAMS FOR VIPERFORM**
- \* **ATCOR: 'US GUIDANCE BACKS CENTRAL BP WAVEFORM'**
- \* **MEDIBIO, PREVENTICE REMOTE ECG, DISTRIBUTION AGREEMENT**
- \* **QRX PLEADS SCHULTZ TO ASX 81% QUERY, ADMINISTRATION**
- \* **ALLAN GRAY DOWN TO 8.6% OF NANOSONICS, CHAIRMAN STANG 9%**
- \* **PERPETUAL BELOW 5% OF PRO MEDICUS**
- \* **BERGEN TAKES 12% OF PRIMA**
- \* **BIO-MELBOURNE BREAKFASTS ON CELL THERAPIES**
- \* **DR NIGEL FINCH REPLACES 3D CHAIR MATTHEW MORGAN**

## MARKET REPORT

The Australian stock market fell 0.21 percent on Thursday May 28, 2015 with the S&P ASX 200 down 12.2 points to 5,713.1 points. Twelve of the Biotech Daily Top 40 stocks were up, 16 fell, 10 traded unchanged and two were untraded.

Antisense was the best, up 1.5 cents or 13.6 percent to 12.5 cents with 193,198 shares traded. Atcor, Oncosil and Pharmaxis climbed more than four percent; Universal Biosensors was up 3.45 percent; Avita, Benitec, Osprey and Resmed rose more than two percent; with Actinogen and Clinuvel up more than one percent.

Prima led the falls, down 1.5 cents or 12 percent to 11 cents with 125.6 million shares traded. IDT and Tissue Therapies lost eight percent or more; Anteo, Bionomics and Biotron fell more than four percent; GI Dynamics and Prana were down more than three percent; Genetic Technologies, Nanosonics and Starpharma shed more than two percent; with Living Cell, Optiscan and Viralytics down more than one percent.

## FEDERAL GOVERNMENT

The Federal Government has introduced legislation to reduce the previous Labor Government's 45 percent R&D Tax Incentive to 43.5 percent.

The 'Tax And Superannuation Laws Amendment (2015 Measures No. 3) Bill 2015' was introduced to Parliament yesterday following Treasurer Joe Hockey's Budget, which confirmed the Government would proceed with the reduction (BD: May 12, 13, 2015). The Bill's Explanatory Memorandum said the Bill "amends the Income Tax Assessment Act 1997 (ITAA 1997) to reduce the rate of the tax offsets available under the research and development tax incentive for the first \$100 million of eligible expenditure by 1.5 percentage points".

"The higher (refundable) rate of the tax offset for this expenditure will be reduced from 45 per cent to 43.5 per cent and the lower (non-refundable) rates of the tax offset will be reduced from 40 per cent to 38.5 per cent," the Explanatory Memorandum said.

"These amendments apply in respect of assessment for income years commencing on or after July 1, 2014," the Explanatory Memorandum said.

## AUSBIOTECH

Industry organization Ausbiotech said it "expressed bitter disappointment today at the Government's move to re-introduce legislation to cut the Research and Development (R&D) Tax Incentive benefit by 1.5%, and urged the Senate to reject the legislation". Ausbiotech said the cut was originally announced in the May 2014 Federal Budget, but failed to get support in the Senate and the Bill was defeated last year (BD: May 14, 2014). Ausbiotech said that the change would "permanently impact companies while they are in tax loss and adversely impact the same small businesses that were singled out for special support in the year's Budget with a 1.5 percent corporate tax cut".

Ausbiotech chief executive officer Dr Anna Lavelle said that "while this cut and its flow-on impact may appear small or inconsequential, it will specifically disadvantage small pre-revenue and start-up companies, which runs completely counter to Government rhetoric on small business and indeed the policy intention of the R&D Tax Incentive".

Ausbiotech said that the 1.5 percent reduction to the R&D Tax Incentive would remove any benefit of the 1.5 percent reduction to the corporate tax rate for small businesses announced in the 2015-'16 Budget and impact on the many pre-revenue small companies that are in tax loss and therefore don't pay corporate tax.

"We urge the Senate to again reject the legislation and preserve the R&D Tax Incentive intact for the good of Australia's innovation ecosystem," Dr Lavelle said. "This disadvantage to companies in tax loss will discriminate against small start-up biotechnology and other R&D-based companies, which are exactly the companies that our economy needs to fuel innovation growth and the high-skilled jobs that result."

Ausbiotech said "the constant threats and tweaks to the R&D Tax Incentive are unsettling for biotechnology developers and undermine business confidence at a time Australia can least afford to falter [and] in public policy terms, the 2011 introduction of the R&D Tax Incentive was a momentous and pivotal inflection point for Australian innovation".

"The Incentive is actively attracting companies from around the world to bring their [research and development] to Australia and supporting medical [research and development] via small innovation companies," Ausbiotech said. "The R&D Tax Incentive was very well received by the industry and its intact preservation remains the number one public policy issue within the industry."

"Since the R&D Tax Incentive's implementation the annual Biotech Industry Position Survey has ranked the Incentive's integrity amongst the industry's most pressing public policy issues, with survey respondents repeatedly expressing their support of the program and concern that it might be reduced or withdrawn," Ausbiotech said.

### ORTHOCELL

Orthocell says it has received \$1,157,820 from the Australian Tax Office under the Federal Government Research and Development Tax Incentive program.

Orthocell said that the funds were for the year to June 30, 2014.

"The R&D Tax Incentive is an Australian Government program to support Australian companies to undertake research and development in Australia under which eligible companies can receive cash rebates of 45% of eligible expenditure on research and development activities," Orthocell said.

Orthocell said it expected to be eligible to receive a research and development tax rebate for its programs being undertaken in financial year to June 30, 2015.

Orthocell fell half a cent or 1.3 percent to 38 cents.

### BIODIEM, OPAL BIOSCIENCES

Biodiem wholly-owned subsidiary Opal says it hopes to raise up to \$4.0 million through the issue of up to 20,000,000 shares at 20 cents a share.

Opal said it would offer 17,500,000 shares with up to a further 2,500,000 shares to satisfy over-subscriptions, with up to 15,000,000 options exercisable at 26 cents each.

Biodiem chief executive officer and Opal managing-director Julie Phillips told Biotech Daily that Opal was created to develop the anti-microbial compound formally known as BDM-I (BD: Apr 30, May 29, 2014).

Opal said that it was "developing products to address the growing incidence of superbugs, with its core antimicrobial technology having demonstrated activity against a wide range of human disease causing germs ... the Opal-I injectable product to treat serious infections and the Opal-T topical product to treat skin and wound infections".

Opal said it had partnered with research institutions in Australia and the US including the University of Sydney, the Royal Melbourne Institute of Technology University and the US National Institute of Allergy and Infectious Diseases.

The company said its technology was being assessed as a bio-terrorism counter-measure and potential applications include injections, eye drops, tablets and creams.

Biodiem and Opal are public unlisted companies.

For further information contact Opal company secretary Melanie Leydin by email:

[mleydin@opalbiosciences.com](mailto:mleydin@opalbiosciences.com) or telephone: +613 9692 7222.

Biodiem and Opal are public unlisted companies.

### DORSAVI

Dorsavi says it has signed two US basketball teams to use its Viperform wearable movement analysis sensor system, but did not disclose the value of the contracts.

Dorsavi said that the Golden State Warriors and the Houston Rockets played in one of the National Basketball Association play-offs this week and both had been working with the company to monitor and assess player movement, risk of injury and return to play.

The company said that Viperform was designed to measure biomechanics and provide immediate bio-feedback for technique improvement on or off the court.

Dorsavi said that Viperform could maximize athlete performance through individual study of movement and metrics that affect performance, including range of motion, acceleration and force exerted.

Dorsavi was up three cents or 13.0 percent to 26 cents.

### ATCOR MEDICAL

Atcor says that US medical expert guidance for doctors supports its Sphygmocor central aortic blood pressure waveform analysis in patient care.

Atcor said that the guidance in an article entitled 'Clinical Use of Pulse Wave Analysis: Proceedings from a Symposium Sponsored by North American Artery' published in the Journal of Clinical Hypertension, included examples showing how central aortic pressure waveform analysis and metrics can supplemented brachial pressure readings in the clinic. The company said that a patient's blood pressure measured using brachial pressure and central aortic pressures might be different and interpretation of the central waveform and data might improve drug selection and dosing.

Atcor said the recommendations focused on three key areas where pulse wave analysis can make a difference in patient care, including: deciding whether to initiate, intensify or change therapy in younger patients; deciding which anti-hypertensive medication to prescribe and when to add additional medications; and deciding whether drug therapy or lifestyle changes that have reduced brachial pressure have equally reduced central blood pressure.

Atcor chief executive officer Duncan Ross said his company "firmly support the timely guidance provided by North American Artery".

"With the new US CPT 1 code for non invasive central aortic wave form analysis to take effect from January 1 [2016], this guidance will help further educate doctors on applying the technology," Mr Ross said..

"It fills a gap by providing examples of decision-making using central aortic pressures, offering the panel's interpretation on how to manage hypertension patients effectively in the clinic," Mr Ross said.

Atcor was up one cent or 4.55 percent to 23 cents.

### MEDIBIO (FORMERLY BIOPROSPECT)

Medibio says it has a memorandum of understanding with Preventice Inc for remote cardiac monitoring for its circadian heart rate depression test.

Medibio said that Preventice was a strategic combination of remote cardiac monitoring developer Ecardio Diagnostics and health platform software developer and Preventice, operating together as wholly-owned subsidiaries of Preventice Inc, with the Merck Global Health Innovation Fund a primary shareholder of Preventice.

The company said that the Preventice health data platform was "ideal for the commercial delivery of [its] circadian heart rate tests to assist clinicians with the diagnosis of depression, workplace stress, and other mental health disorders".

Medibio said that Preventice had "significant infrastructure in the US including an end-to-end sales and distribution chain to providers and leading medical organizations and a ... patient call centre which could potentially be leveraged by Medibio".

Medibio was up 1.5 cents or five percent to 31.5 cents.

### QRX PHARMA

QRX 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 81.25 percent from 1.6 cents on May 21 to 2.9 cents on May 22, 2015 and noted an increase in trading volume.

QRX said the company appointed administrators after the ASX query (BD: May 25, 2015).

QRX last traded at 2.8 cents.

### NANOSONICS

Allan Gray Australia has reduced its substantial holding in Nanosonics from 26,904,652 shares (9.63%) to 24,292,045 shares (8.59%).

Allan Gray said the 2,612,607 shares were sold between March 13 and May 20, 2015 for \$4,635,389 or an average price of \$1.77 a share.

Nanosonics fell 4.5 cents or 2.5 percent to \$1.765.

### NANOSONICS

Nanosonics chairman Maurie Stang says he has reduced his substantial holding in Nanosonics from 28,377,000 shares (14.6%) to 25,099,701 shares (8.9%).

Mr Stang said he sold 3,302,723 shares for \$6,043,983, or \$1.83 per share, on-market on May 26, 2015.

Mr Stang said he filed his previous substantial shareholder notice in 2007, when the company was trading around 70 cents, following the initial public offer at 50 cents a share.

### PRO MEDICUS

Perpetual and its subsidiaries have reduced their holding in Pro Medicus from 6,768,586 shares (6.85%) to 4,787,924 shares (4.8%).

Perpetual said it sold shares between March 26 and May 25 at prices ranging from \$1.60 to \$2.35, with 500,000 shares sold for \$1,130,000 or \$2.26 a share on May 26, 2015.

Pro Medicus was unchanged at \$2.28.

### PRIMA BIOMED

New York's Bergen Global Opportunity Fund, Bergen Asset Management and Eugene Tablis have become substantial shareholders in Prima with 201,112,773 shares (12.04%).

Bergen said that the acquisition was from the issue of a monthly tranche of shares 15,215,510 for \$US360,000, the exercise of 19,800,000 options for \$1,084,050 and the conversion of a \$US2,500,000 note for 168,097,263 shares or 1.93 cents per converted share.

Prima fell 1.5 cents or 12 percent to 11 cents with 125.6 million shares traded.

### BIO-MELBOURNE NETWORK

The Bio-Melbourne Network says its June 10, 2015 Bio-Breakfast will discuss 'The Current and Future Outlook for Cell Therapies'.

The Network said that Cell Therapies chief executive officer Dr Tim Oldham, Cynata Therapeutics head of product development, Dr Kilian Kelly and Invetech cell therapies project leader Geoff Ball would lead the discussion, to be held at the Peter MacCallum Cancer Centre.

Bio-Melbourne chief executive officer Dr Krystal Evans said that "Melbourne is a hot spot for innovative cellular technologies and is a leading location for cell therapy manufacturing in the Asia-Pacific.

"This session will explore how these life-altering therapies can be made available to the thousands of patients who need them, at a cost that we can all afford," Dr Evans said.

The Bio-Breakfast will be held at the Peter MacCallum Cancer Centre, 2 St Andrews Place, East Melbourne on June 10, 2015 at 7:30am.

To register by June 5, go to: <http://www.biomelbourne.org/events/view/367>.

### 3D MEDICAL

3D Medical says Dr Nigel Finch has been appointed chairman, replacing Matthew Morgan who has resigned “due to his increasing time commitments to other commercial interests”. 3D said that Dr Finch was an experienced investor and advisor to emerging growth enterprises and the principal of Saki Partners, an advisory firm that consults on strategy, financial performance and corporate transactions.

The company said that previously Dr Finch was associate dean at the University of Sydney Business School and he held degrees in accounting, business and law and a Doctorate of Philosophy in business law.

3D fell half a cent or 4.2 percent to 11.5 cents.