



Biotech Daily

Tuesday April 5, 2016

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH DOWN: AVITA UP 9%; PHARMAXIS DOWN 8%**
- * **FEDERAL GOVERNMENT APPOINTS \$20b MRFF ADVISERS**
- * **NUSEP SHORTFALL RAISES \$1.8m, TOTAL RAISED \$2.85m**
- * **MONASH IVF VALIDATES NUSEP SPERMSEP**
- * **IQ3 \$US25m JOINT VENTURE FOR ONCOLOGY COMPOUND, BIOMARKER**
- * **REPRODUCTIVE HEALTH RELEASES 4m ESCROW SHARES**
- * **WINDARRI, HERZ FAMILY TAKE 9% OF BIOTECH CAPITAL**

MARKET REPORT

The Australian stock market fell 1.42 percent on Tuesday April 5, 2016 with the ASX200 down 70.9 points to 4,924.4 points.

Eight of the Biotech Daily Top 40 Index companies were up, 25 fell, five traded unchanged and two were untraded.

Avita was the best, up one cent or 8.7 percent to 12.5 cents with 2.95 million shares traded, followed by Prana up 8.2 percent to 6.6 cents with 60,166 shares traded.

Living Cell and Psivida climbed more than five percent; Neuren was up 4.55 percent; Medical Developments and Nanosonics rose more than two percent; Actinogen was up 1.45 percent; with Resmed up 0.7 percent.

Pharmaxis led the falls, down 7.55 percent to 24.5 cents with 446,400 shares traded, followed by Uscom down 7.1 percent to 19.5 cents with 62,280 shares traded.

Impedimed lost 6.2 percent; Osprey was down 5.1 percent; Benitec fell 4.2 percent; Admedus, Anteo, Bionomics, Biotron, Clinuvel, IDT, Oncosil, Opthea and Universal Biosensors were down more than three percent; Airxpanders, Prima and Tissue Therapies shed more than two percent; Cochlear, CSL, Ellex, Mesoblast, Polynovo, Pro Medicus, Sirtex and Starpharma were down one percent or more; with Acrux and Viralytics down by less than one percent.

FEDERAL GOVERNMENT

The Federal Government has announced the eight-member board which will advise on the allocation of funds from the proposed \$20 billion Medical Research Future Fund.

The Minister for Health Sussan Ley said that the Australian Medical Research Advisory Board would comprise “leading experts in medical research and innovation, health policy and commercialisation, including experience and knowledge in philanthropy, consumer issues and translating research into frontline health care services”.

“The MRFF is the single largest investment in medical research ever made in this country and a core part of the Australian Government’s health reform and innovation agenda,” Ms Ley said.

“Today’s announcement is another example of the Government taking the lead to foster innovation and ideas, creating the modern, dynamic, 21st-century economy Australia needs in the future,” Ms Ley said. “The MRFF will help us to understand diseases and support the search for possible cures or preventions.”

A media release from Ms Ley said that it was expected that the MRFF would eventually provide around \$1 billion a year in additional funding for health and medical research.

The Biotech and Related Industries Leadership (BRIL) Group has called for a 25 percent set-aside from the Fund to be used for commercialization (BD: Jul 30, 2014).

The media release said that the advisory board would develop the Australian medical research and innovation strategy every five years and associated Australian medical research and innovation priorities every two years and would provide advice to the Health Minister on other matters that related to use of the funds.

The Federal Government said that the advisory board would begin a consultation to distil the right strategic direction and priorities recommended for investment.

“The advisory board will ensure that any expenditure from the MRFF will have a strong business case, enduring that the financial assistance provided from the fund delivers the greatest value for all Australians,” Minister Ley said.

The Minister said that the board would be chaired by the Translation Research Institute Foundation Board chair Prof Ian Frazer, with members including the University of Queensland vice-chancellor Prof Peter Høj, Walter and Eliza Hall Institute director and BRIL Group member Prof Doug Hilton, Medical Device Research Institute director Prof Karen Reynolds, Bionomics chief executive officer Dr Deborah Rathjen, Australian Private Equity and Venture Capital Association (Avcal) chief executive Yasser El-Ansary, former Australian Red Cross Blood Service chief executive Jennifer Williams and the National Health and Medical Research Council chief executive officer Prof Anne Kelso.

Ms Ley’s media release said that the chief executive officer of the NHMRC would have a permanent seat on the advisory board “to support coordination of approaches” and with the exception of the chief executive officer of the NHMRC, members were appointed for a period of up to five years.

In March, Prof Kelso approved two grants worth \$3.3 million to re-examine previously disproven claims about the impact of wind farms on human health (BD: Mar 22, 2016).

NUSEP HOLDINGS

Nusep says that underwriter Transocean Securities has placed 178,702,432 rights issue shortfall shares, raising \$1,787,024 and taking the total raised to \$2,846,170.

Last month, Nusep said it had raised \$1,059,146 in the fully-underwritten non-renounceable rights issue at one cent a share, with each new share coming with an attaching option exercisable at 1.6 cents by November 30, 2016 (BD: Mar 16, 2016).

Nusep was unchanged at 1.1 cents.

NUSEP HOLDINGS

Nusep says that a Monash IVF evaluation of its Spermsep shows it can select sperm with lower levels of DNA damage and higher motility than the raw samples.

Nusep said that the in-vitro evaluation showed that the Spermsep device was able to select sperm cells with the potential to enhance embryonic development.

The company said that direct testing against sperm recovered from the standard current sperm preparative methods, the density gradient centrifugation and the swim-up method, was not done as the centre required all the sperm that they processed.

Nusep said that the 68 sample study was the first time the device had been tested in an in-vitro fertilization laboratory setting.

The company said that both standard methods involved multiple, time consuming steps in the laboratory and required the sperm to be reasonably motile, or have the ability to swim. Nusep said that Spermsep used "gentle electrical forces and a porous polymer membrane [which enabled] quick and accurate separation of the sperm and [could] deal with zero or low motility, such as those from testicular biopsies".

The company said the traditional process of extracting sperm was difficult and could take up to four hours whereas the Spermsep device took about 10 minutes.

Nusep said that the Monash IVF research team found that the recovered sperm would be suitable for use in both direct injection of a single sperm into the egg and standard insemination and were keen to continue to work with Nusep.

Monash IVF andrologist Prof Rob McLachlan and Nusep scientific advisory committee chair Prof John Aitken jointly developed the evaluation protocols and Prof Aitken was pleased the study ratified his test results and confirmed the clinical utility of the device.

Nusep said it wanted Spermsep to become the gold standard for in-vitro fertilization clinics for processing spermatozoa and was in the final internal design stages for developing a smaller, simpler next generation device with new features.

The company said it would make 50 of the first model devices over the next 12 months and provide them to identified global key opinion leaders who would use the device principally in their own clinics as well as in various research institutes.

IQ3 CORP

IQ3 Corp says it has "syndicated an investor consortium" to raise \$US25 million to develop and commercialize a novel oncology biologic compound and biomarker.

IQ3 said the related intellectual property was originally developed at the Montreal, Quebec-based McGill University.

The company said it had been "appointed to act as a lead advisor to the consortium and will prepare the joint venture for its next growth phase".

IQ3 chief executive officer Dr George Syrmalis told Biotech Daily that the technology was a parathyroid hormone-related protein analogue and its specific isoform biomarker, which was at the end of preclinical development.

Dr Syrmalis said that the consortium was preparing to submit an investigational new drug application to the US Food and Drug Administration by the end of 2016 and would require about \$US25 million to complete phase I development.

Dr Syrmalis said the consortium was "an incredible opportunity which gives Australian life science investors access to world class biotech assets and creates the opportunity to commercialize a significant novel compound which in this case also involves an accompanying biomarker".

IQ3 was up 4.5 cents or 17.0 percent to 31 cents.

REPRODUCTIVE HEALTH SCIENCE

Reproductive Health says that 3,885,154 shares will be released from ASX escrow on April 16, 2016.

Reproductive Health chief financial officer Ray Ridge told Biotech Daily that after the release from escrow the company would have 59,005,165 shares available for trading. Reproductive Health was untraded at nine cents.

BIOTECH CAPITAL

Windarri Investments as trustee for the Herz Family Trust has become a substantial shareholder in Biotech Capital with 10,000,000 shares or 9.21 percent of the company. Yesterday, Biotech Capital said it had acquired the Sydney-based advisory firm Biointellect for 10,000,000 shares, worth \$1.3 million, saying it had issued 10,000,000 shares to an unnamed related party of Biointellect founder Jennifer Herz (BD: Apr 4, 2016). Biotech Capital was up 1.5 cents or 10.7 percent to 15.5 cents.