



Biotech Daily

Friday May 13, 2016

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH DOWN: ADMEDUS UP 9%, BENITEC DOWN 8%**
- * **PRIMA LICENCES CVAC TO CASHLESS SYDYS FOR \$400m, 10%**
- * **INVITROCUE TO GROW TUMOR CELLS FOR DRUG TESTING**
- * **CREDIT SUISSE, JP MORGAN CHASE BELOW 5% IN MESOBLAST**
- * **HYPERION TAKES 5% OF COCHLEAR**
- * **OPTISCAN APPOINTS ARCHIE FRASER CEO ON \$137k**

MARKET REPORT

The Australian stock market fell 0.57 percent on Friday May 13, 2016 with the ASX200 down 30.3 points to 5,329.0 points.

Thirteen of the Biotech Daily Top 40 stocks were up, 17 fell with 10 trading unchanged. All three Big Caps were up.

Admedus was the best, on winning the 'Manufacturer of Year' gong from the Manufacturers Monthly trade publication for its Cardiocel heart patch, up three cents or 8.8 percent to 37 cents with 382,001 shares traded.

Prima climbed 7.1 percent; Antisense and Prana were up five percent or more; Biotron was up 3.2 percent; Acrux, Compumedics, Pro Medicus and Starpharma rose more than two percent; Bionomics, Cochlear, Ellex, Impedimed and Viralytics were up more than one percent; with CSL and Resmed up by less than one percent.

Benitec led the falls, down one cent or 8.3 percent to 11 cents with 77,343 shares traded.

Living Cell fell 7.3 percent; Osprey lost 5.8 percent; Anteo and IDT fell more than four percent; Atcor, Avita and Oncosil were down more than three percent; Factor and Mesoblast shed more than two percent; Airxpanders, Nanosonics, Pharmaxis and Polynovo were down more than one percent; with Medical Developments, Reva and Sirtex down by less than one percent.

PRIMA BIOMED

Prima says that the New York-based Sydys Corp will licence its CVac immune-oncology program for 9.9 percent of Sydys and potentially more than \$400 million.

Prima said Sydys was “a publicly traded New York company that has been repurposed as a clinical stage biotechnology company in order to develop the CVac assets”.

In recent US Securities and Exchange Commission filings, Sydys said it was formed in February 2004 for on-line advertising but exited the business and was “considered a shell company ... seeking to complete a business combination with an operating company” and in 2015 entered into an asset purchase agreement to acquire Overadmedia digital media, a Seattle, Washington online advertising space company.

Prima chief executive officer Marc Voigt told Biotech Daily that the deal was “an entrepreneurial solution” of the former lead asset.

“Given the significant capital requirements for conducting clinical trials, no upfront payment will be received however should CVac be successfully commercialized, Prima could receive over \$400 million ... in development, regulatory and commercial milestone payments payable for achievement of set commercial sales targets, in addition to low single digit royalties on sales,” Prima said in a media release.

On May 6, 2016, Sydys told the SEC that it was a Vancouver- based company, John Abraham had resigned as president, with Michael Warsinske appointed chief executive officer and Mark Noffke as chief financial officer.

Today, the Sydys website said it was “a globally active biotechnology company developing immuno-oncology products including an autologous dendritic cell immunotherapy that recently completed phase II trials for ovarian cancer generating clinically meaningful progression free survival (PFS) and overall survival (OS) data”.

The Sydys website said its executive chairman was Joseph Hernandez, with Prima chief technical officer Dr Sharron Gargosky as strategic advisor and consulting chief scientific officer, but the website had no information on SEC filings or investor information, saying that information was “coming soon”.

A May 2, 2016 SEC filing said that Sydys had cash of \$US856 (\$A1,171) and liabilities of \$US415,515 at March 31, 2016 and revenue for the three months of \$US699.

On May 10, Sydys told the SEC it was a Nevada based company and would issue Mr Hernandez 17,220,000 series A preferred stock and in exchange he would deliver a promissory note for \$US210,000 to Mr Warsinske who would release the company from \$US415,457 owed by the company and indemnify him from liabilities of \$US20,160 and control of the company would pass to Mr Hernandez.

Sydys last traded on a US over-the-counter exchange at \$US1.05 on Dec 10, 2015.

Last year, Prima closed its Cvac program which first showed benefit in four of 21 ovarian cancer patients in 2006, but the company ran out of funds until Martin Rogers revived it with a series of draw down equity facilities and brought Lucy Turnbull to the board (BD: May 16, 2006, May 14, 2008; Oct 7, 2010).

Ms Turnbull’s husband is Prime Minister Malcolm Turnbull.

In 2013, Prima suspended its phase II/III CVac ovarian cancer trial saying that top-line analysis of its phase II trial failed to show significant progression-free survival, resuming the trial an overall survival endpoint (BD: Apr 28, 2014).

Today, Prima said that Sydys would licence and sell CVac and its assets, Dr Gargosky would “transition to Sydys as a consultant” and Mr Voigt would be appointed a director. Mr Voigt said the “partnership continues the CVac program development without further resource commitment from Prima, while providing the potential for considerable future milestone and royalty payments over time”.

Prima was up 0.3 cents or 7.1 percent to 4.5 cents with 5.85 million shares traded.

INVITROCUE

Invitrocue says it plans to use its Onco-PDO tumor cell growth system “to enter the oncology testing market for drugs to provide data points in selected solid tumors”.

A spokesman for Invitrocue said the company listed on the ASX earlier this year, with former Cordlife chief executive officer Dr Steven Fang as its executive director.

Invitrocue said that it would use its three-dimensional cell-based technology Onco-PDO to grow patient-derived organoid (PDO) tumor cells in its laboratories for testing against a panel of approved drugs and new drug candidates.

The company said that the initial market for its products would be bio-pharmaceutical companies, medical researchers and academic institutions, so that they could “understand the impact of cancer treatments” prior to conducting clinical trials.

The company said that Onco-PDO might create a new market for personalized drug testing using US Food and Drug Administration-approved drugs to improve individual treatment outcomes in selected solid tumors.

Dr Fang said that the technology was “being deployed to grow patient organoids in the laboratory to understand, evaluate and predict cancer treatment outcomes”.

“By broadening our revenue portfolio through Onco-PDO, we aim to deliver greater shareholder value and business risk mitigation through the expansion of our service offerings in the field of oncology,” Dr Fang said.

Invitrocue said it had a research collaboration with the China’s Second Affiliated Hospital Suzhou University to develop non-small cell lung cancer organoids and for drug testing programs using approved drugs.

“This is the first of many such collaborations that we will be looking to establish,” Dr Fang said. “Future target indications may include breast and colorectal cancers.”

Invitrocue was untraded at 10 cents.

MESOBLAST

Credit Suisse and JP Morgan Chase say they are no longer substantial shareholders in Mesoblast.

On May 9, JP Morgan said it held 128,563,297 shares or 33.71 percent and yesterday, May 12, 2016, Credit Suisse said it held 133,228,730 shares or 34.93 percent.

The two institutions were involved in last year’s \$95.8 million capital raising to list on the Nasdaq, and jointly held shares owned by Mesoblast directors prior to and through the capital raising in “lock-up” (BD Nov 5, 16, 17, 19, 2015; May 12, 2016).

A Mesoblast executive told Biotech Daily that the lock-up period was for six months and had ended and today’s announcements removed the lock-up shares as well as reductions in holdings by unnamed clients who buy, sell, lend and borrow Mesoblast shares.

Previous announcements said that the lock-up shares included Cephalon (now Teva)’s 55,785,806 shares, chief executive Prof Silviu Itescu’s 67,756,838 shares, director shares including Michael Spooner’s 1,059,000 shares, chairman Brian Jamieson’s 335,000 shares and “Brians Maserati Pty Ltd” with 275,000 shares, William Burns’ 26,667 shares, Donal O’Dwyer’s 300,000 shares, Dr Ben-Zion Weiner’ 26,667 shares, Dr Eric Rose’s 26,667 shares and chief financial officer Paul Hodgkinson’s 150,000 shares, along with Prof Itescu’s Josaka Investments 487,804 shareholding and Mr O’Dwyer’s Dundrum Investments and Dundrum Superannuation Fund, with 292,903 shares and 511,824 shares, respectively.

The 71,248,370 director and executive shares amount to 18.68 percent of Mesoblast, while Teva’s 55,785,806 shares comprise 14.63 percent.

Mesoblast fell 5.5 cents or 2.95 percent to \$1.81 with 1.5 million shares traded.

COCHLEAR

The Brisbane-based Hyperion Asset Management says it has become a substantial shareholder in Cochlear with 2,874,928 shares (5.03%).

Hyperion said the registered holders of the shares included JP Morgan Chase Nominees, BNP Paribas, Citibank Nominees, National Nominees, RBC Investor Services and individually managed accounts and the relevant interests were held by 20 separate superannuation funds, trusts and entities.

The company said it bought and sold shares between December 14, 2015 and May 12, 2016, with the single largest trade the acquisition of 152,759 shares for \$16,526,949 or \$108.19 a share.

Cochlear was up \$1.46 or 1.3 percent to \$111.84 with 348,440 shares traded.

OPTISCAN IMAGING LIMITED

Optiscan says it has appointed Archie Fraser as its chief executive officer, effective from May 16, 2016.

Optiscan said that Mr Fraser was previously the St Kilda Football Club chief executive and Football Federation Australia's head of A-League.

The company said that Mr Fraser had worked for Adecco, Cendant, Fuji Xerox and Inchcape.

Optiscan said that Mr Fraser would receive a base salary of \$136,875 including superannuation and would be issued 7,500,000 options, vesting in six tranches over four years, exercisable at 2.5 cents above the 10-day volume-weighted average price following the lifting of the current suspension and expiring three years after the vesting dates.

Optiscan last traded at two cents.