



Biotech Daily

Friday December 16, 2016

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH DOWN: IDT UP 9%, DIMERIX DOWN 12.5%**
- * **MULTIPLE US STATES FILE ANTI-TRUST SUIT AGAINST MAYNE, OTHERS**
- * **IMUGENE TELLS ASX: 'BAKER IDI DEAL NOT MATERIAL, NO LEAKS'**
- * **MEMPHASYS CANCELS \$1m CONVERTIBLE NOTES, LOOKS AT OPTIONS**
- * **BIOTECH CAPITAL \$132k FOR DR RICHARD TREAGUS' PHARMACONNECT**
- * **UP TO 46% OF UNILIFE AGM OPPOSES ALL DIRECTORS**
- * **AUSTRALIAN SUPER BELOW 5% OF ORTHOCELL**
- * **CRYSTAL AMBER TAKES 23% OF GI DYNAMICS**
- * **MEDICINES AUSTRALIA APPOINTS DR ANNA LAVELLE DIRECTOR**
- * **OPTISCAN APPOINTS JUSTIN MOUCHACCA JOINT CO SEC**
- * **TIM SLATE REPLACES ZELDA CO SEC NEVILLE BASSET**

MARKET REPORT

The Australian stock market fell 0.1 percent on Friday December 16, 2016 with the ASX200 down 5.7 points to 5,532.9 points. Seven of the Biotech Daily Top 40 stocks were up, 20 fell, 12 traded unchanged and one was untraded. All three Big Caps were up.

IDT was the best, up 1.5 cents or 8.8 percent to 18.5 cents with 50,000 shares traded.

Actinogen and Genetic Signatures climbed more than four percent; Acrux improved 3.1 percent; Airxpanders rose 2.3 percent; Impedimed and Living Cell were up more than one percent; with Cochlear, CSL and Resmed up by less than one percent.

Dimerix led the falls, down 0.1 cents or 12.5 percent to 0.7 cents with 4.6 million shares traded.

Ellex, Orthocell and Sirtex lost more than five percent; Avita, Cyclopharm, Mesoblast and Neuren fell four percent or more; Benitec and Universal Biosensors were down more than three percent; Anteo shed 2.3 percent; Bionomics, Factor Therapeutics, Medical Developments, Oncosil, Polynovo, Psivida and Viralytics were down more than one percent; with Clinuvel and Pro Medicus down by less than one percent.

MAYNE PHARMA GROUP

Mayne says multiple US states have begun proceedings anti-trust proceedings against several generic companies including Mayne over doxycycline

Mayne said that the proceedings were filed yesterday December 15, 2016 in the US District Court of Connecticut.

The company said it previously disclosed that it was one of several companies to receive a subpoena from the Antitrust Division of the US Department of Justice seeking information relating to the marketing, pricing and sales of select generic products.

Mayne said that the investigation relating to Mayne Pharma was focused on doxycycline hyclate delayed-release tablets (generic) and potassium chloride powders.

The company said that the US states alleged that it "had engaged in conduct in the doxycycline hyclate delayed-release market with Heritage Pharmaceuticals Industries Inc (Heritage) that was anti-competitive".

Mayne said that the investigations and the legal proceedings would "not have a material impact on its future earnings ... however as previously stated no assurance can be given as to the timing or outcome of the investigation or legal proceedings".

Mayne Pharma fell 12.5 cents or 8.8 percent to \$1.30 with 72.6 million shares traded.

IMUGENE

Imugene has told the ASX that it did not expect the acquisition of the Baker IDI arginine modulators for cancer to have a material effect on the value of its shares.

On Tuesday, Imugene said it had an agreement with Melbourne's Baker IDI Heart and Diabetes Institute to commercialize a portfolio of small molecule arginine modulators for cancer and marked the announcement market sensitive (BD: Dec 13, 2016).

On Tuesday December 13, 2016, the ASX noted that the company's share price increased 50 percent from 1.4 percent on December 8 to 2.1 cents on December 12 and said there was an increase in share trading volume (BD: Dec 13, 2016).

The ASX asked Imugene whether it considered "the information contained in the announcement to be information that a reasonable person would expect to have a material effect on the price of value of its securities?" and Imugene replied "No".

Imugene said the announcement was consistent with the company's strategy, related to an early stage technology as an adjunct to its more developed pipeline and followed a series of material and more substantive announcements.

"This is supported by the fact that the market effectively did not react to the announcement," Imugene said adding that the shares closed down 0.3 cents at 1.7 cents. Imugene said the Baker IDI technology was subject to proof-of-concept studies scheduled for 2017 and while it had "no reason to believe that confidentiality had not been maintained, it is unlikely that a particular value would be ascribed to a technology at this stage in any event".

"The key value driver for the company is its current phase Ib/II trials in gastric cancer, which ... are currently in the process of patient enrolment," Imugene said

The company responded to the ASX question of whether it had conducted any other analyst or investor briefings or presentations from December 2 to 12, saying it had presented at a Wholesale Investor forum to about 120 people, met with Platinum Investment Management,- Australian Ethical Investment, Lodge Partners and Patersons Securities and said the material was the same as in the December 2 presentation and confirmed that the only information provided including responses to any questions posed with those in attendance was information previously announced on the ASX.

Imugene was up one cent or 7.1 percent to 1.5 cents with 8.4 million shares traded.

MEMPHASYS

Memphasys says it is “looking at various options to fund working capital” and the up to \$1 million convertible note will not proceed.

On Monday, Memphasys said it hoped to raise up to \$1 million through convertible notes secured against its Federal R&D Tax Incentive for the year to June 30, 2017, with a minimum raising of \$800,000, led by chairman Alison Coutts and director Andrew Goodall contributing \$300,000 and \$500,000, respectively (BD: Dec 12, 2016).

Memphasys was unchanged at 0.4 cents.

BIOTECH CAPITAL

Biotech Capital says it will pay the executive chairman Dr Richard Treagus-related company Pharmaconnect Pty Ltd \$132,000 for “executive services”.

Biotech Capital said it would pay \$120,000 plus GST a year for Dr Treagus as executive chairman and the director’s fee of \$20,000 a year for Dr Treagus had been terminated.

Biotech Capital was up one cent or 7.7 percent to 14 cents.

UNILIFE

Unilife’s annual general meeting voted up to 46.3 percent opposition to the re-election and election of all directors.

Unilife reported that all directors received 4,259,748 “broker non-votes” with John Lund the least supported with the opposition amounting to 46.3 percent, with 4,374,643 votes (47.6%) in favor and 556,908 “votes withheld”.

All the other directors Jeff Carter, John Ryan, Harry Hamill, Mary Wold, Michael Kamarck, Rosemary Crane and Duane DeSisto were elected by slightly larger margins.

The company said that the “compensation of the ...named executive officers” was approved with 4,259,748 broker non-votes, 3,452,191 votes in favor and 1,295,733 votes against and 183,627 abstentions.

Unilife said that stock incentive plan was opposed by 1,459,522 votes and supported by 3,390,940, again with 4,259,748 broker non-votes and 81,089 abstentions.

Unilife’s most recent Appendix 3B new issue announcement said it had the equivalent of 1,013,731,980 Chess depositary interests on issue and with 60 CDIs to each US share the largest opposition vote of 4,259,748 broker non-votes to director elections amounted to 25.2 percent of the company, sufficient to requisition extraordinary general meetings.

According to the New York Stock Exchange, broker non-votes were when shareholders did not give specific instructions, in which case the broker could vote on “routine” items.

Unilife fell 0.4 cents or 7.7 percent to 4.8 cents.

ORTHOCELL

Australian Super Investments as trustee for Australian Super Private Equity Trust says it has been diluted below the five percent substantial shareholder threshold in Orthocell.

Australian Super said it was diluted below five percent on December 13, 2016 when, Orthocell raised \$4,000,000 in a placement at 40 cents a share (BD: Dec 13, 2016).

In 2014 Australian Super said it held 4,619,190 Orthocell shares, which was then 5.60 percent (BD: Aug 14, 2014) and according to Orthocell’s most recent Appendix 3B new issue announcement the company currently has 101,479,437 shares on issue taking Australian Super’s holding to 4.55 percent.

Orthocell fell 2.5 cents or 5.8 percent to 40.5 cents.

GI DYNAMICS

The Crystal Amber Fund says it has increased its substantial shareholding in GI Dynamics from 83,060,094 shares (17.47%) to 123,525,992 shares (22.65%).

Today, the London and St Peter Port, Guernsey Island-based Crystal Amber Fund said it acquired 40,465,898 shares of which 265,898 shares were acquired for \$7,205,84 or 2.7 cents each on December 5, 2016 and a further 40,200,000 were acquired on December 15, 2016 for 2.2 cents each, the same price as the recent placement, which raised \$1,537,030 (BD: Dec 14, 2016).

The company's website said it was listed on London's Alternative Investment Market. GI Dynamics fell 0.3 cents or 10.7 percent to 2.5 cents.

MEDICINES AUSTRALIA

Medicines Australia says it has appointed former Ausbiotech chief executive officer Dr Anna Lavelle as an independent board member.

Medicines Australia said that Dr Lavelle was Ausbiotech chief executive officer for 11 years.

Medicines Australia chairman Wes Cook said Dr Lavelle was "a talented, well respected person within the innovative pharmaceutical and biotechnology sector who will now bring her years of experience to our board".

OPTISCAN IMAGING

Optiscan says Justin Mouchacca has been appointed as joint company secretary with chief financial officer Micahel Corry, effective today, December 16, 2016.

Optiscan said that Mr Mouchacca holds a Bachelor of Business from the Royal Melbourne Institute of Technology University and was the principal of chartered accounting firm, Leydin Freyer Corp.

Optiscan fell 0.4 cents or 7.3 percent to 5.1 cents.

ZELDA THERAPEUTICS

Zelda says it that Tim Slate will replace Neville Basset as company secretary, with immediate effect.

Zelda said that Mr Slate held a Bachelor of Commerce from the University of Western Australia and had nine years' experience in chartered accounting.

Zelda was up 0.1 cents or 2.9 percent to 3.6 cents.