



Biotech Daily

Thursday February 12, 2015

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH DOWN: COMPUMEDICS UP 25%, BIOTRON DOWN 11%**
- * **MESOBLAST H1 REVENUE UP 24% TO \$26m, LOSS UP 65% TO \$51m**
- * **MAYNE RAISES \$72m, \$43m TO GO**
- * **GENETIC TECHNOLOGIES PLEADS NASDAQ, NEWS TO ASX 52% QUERY**
- * **CYNATA HIRES NEW YORK'S PCG ADVISORY GROUP**

MARKET REPORT

The Australian stock market fell 0.44 percent on Thursday February 12, 2015 with the S&P ASX 200 down 25.5 points to 5,743.6 points.

Fourteen of the Biotech Daily Top 40 stocks were up, 16 fell, eight traded unchanged and two were untraded. All three Big Caps were up.

Compumedics was the best, up three cents or 25.0 percent to 15 cents with 552,850 shares traded, followed by Genetic Technologies up 21.2 percent to four cents with 68.6 million shares traded, Oncosil up 12.5 percent to 8.1 cents with 1.3 million shares traded and Patrys up 10 percent to 1.1 cents with 4.8 million shares traded.

Avita climbed 8.75 percent; Anteo and Optiscan rose more than five percent; Resmed was up four percent; both Circadian and CSL were up 3.1 percent; Atcor, Cochlear and GI Dynamics rose more than two percent; Impedimed, Mesoblast and Psivida were up more than one percent; with Benitec up by 0.6 percent.

Biotron led the falls, down 1.5 cents or 11.1 percent to 12 cents with 1.2 million shares traded.

AcruX, Antisense, Bionomics and Neuren fell five percent or more; Analytica, Clinuvel, Ellex and Prana lost four percent or more; Pharmaxis was down three percent; Tissue Therapies shed 2.2 percent; Alchemia, Medical Developments, Sirtex and Starpharma lost one percent or more; with Nanosonics down 0.3 percent.

MESOBLAST

Mesoblast says that revenue for the six months to December 31, 2014, was up 24.4 percent to \$25,850,000 with net loss after tax up 64.7 percent to \$50,818,000.

Mesoblast chief financial officer Paul Hodgkinson told a teleconference that most of the \$10,808,000 in commercialization revenue came from ongoing payments from the Cephalon and Teva agreements, with a \$2 million milestone payment from Japan's JCR Pharmaceuticals Co.

Mr Hodgkinson said that there was a further \$9,401,000 in foreign exchange gains earned from cash held in the US appreciating against the Australian dollar.

Mesoblast said that research and development expenditure increased 42.5 percent to \$36,103,000 for the six months to December 31, 2014, with costs of manufacturing commercialization down one percent to \$13,232,000, but management and administration costs up 28.0 percent to \$16,572,000.

Mesoblast said that diluted loss per share increased 64.7 percent from 9.72 cents for the six months to December 31, 2013 to 16.01 cents for the six months to December 31, 2014.

The company said it had cash and cash equivalents of \$149,195,000 at December 31, 2014, compared to \$196,394,000 at June 30, 2014.

Mr Hodgkinson said that Mesoblast had an 18 month cash runway based on a burn rate of \$25 million per quarter.

Mesoblast said that net tangible assets per share fell from 25.02 cents at December 31, 2013 to a liability of 7.88 cents at December 31, 2014.

In the teleconference, Mesoblast chief executive Prof Silviu Itescu gave a detailed overview of the company's programs, noting that there were five product candidates in phase III trials for class II/III congestive heart failure, chronic discogenic low back pain, graft versus host disease, bone marrow transplant and biologic-refractory Crohn's disease.

Prof Itescu said that there were a further four products in phase II trials for class IV congestive heart failure, biologic-refractory rheumatoid arthritis, diabetic kidney disease and acute cardiac ischemia.

Prof Itescu said that of the total of 1,730 patients expected to be enrolled in the phase III congestive heart failure trial, he expected the undisclosed number of patients required for the interim look to be enrolled by July 2015 with the results available by the end of 2015. He said that for the chronic back pain indication he expected to partner with a company with an established sales force in back pain that would take over the cost of trials.

Prof Itescu said that diabetic nephropathy was a large unmet need and discussions with potential partners were "active and ongoing".

He said that the company was preparing for the North American and Japanese launch of MSC-100-IV, which was also known as JR-031 and formerly the Osiris drug Prochymal.

Prof Itescu said that partner JCR Pharmaceuticals Co had filed for regulatory approval of JR-031 in September 2014 and was granted orphan drug priority review, with a launch for paediatric use expected in Canada in 2016 and filing for paediatric registration on track for 2016.

Prof Itescu said that MSC-100-IV had "the potential to be the first allogenic stem cell product approved in Japan and the United States" with a halo effect for Mesoblast's market capability.

He said that MPC-300-IV was in development for the chronic inflammatory diseases of rheumatoid arthritis and diabetic kidney disease which were large unmet medical needs, with a 60-patient trial underway for type 2 diabetes with inadequately controlled glucose. Mesoblast was up seven cents or 1.6 percent to \$4.41 with 333,252 shares traded.

MAYNE PHARMA GROUP

Mayne Pharma says it has raised \$71.8 million of \$115 million to acquire Doryx, two other drugs and fund the start-up of a US specialty brands division (BD: Feb 10, 2015).

Mayne said the capital raising included an underwritten one-for-3.45 pro-rata accelerated non-renounceable entitlement offer to raise \$105 million and a placement to institutional and sophisticated investors to raise \$10 million.

Today, the company said that the institutional component of the entitlement offer raised \$60.1 million at 61 cents a share and the placement raised \$11.7 million at 75 cents a share, a 17.2 percent premium to the underwritten floor price of 64 cents per share.

Mayne was up 15 cents or 22.1 percent to 83 cents with 11.5 million shares traded.

GENETIC TECHNOLOGIES

Genetic Technologies 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 climbed from 2.9 cents on February 10 to 4.4 cents, a 51.7 percent increase, today February 12, 2015 and noted an increase in trading volumes.

Genetic Technologies said that overnight on the Nasdaq its American depository receipts increased by eight percent with 8.563 million ADRs, equivalent to 1,280,400,000 Australian shares.

The company said it previously announced the addition of six US centres offering its Brevagenplus breast cancer test (BD: Jan 29, 2015).

Genetic Technologies closed up 0.7 cents or 21.2 percent to four cents with 68.6 million shares traded.

CYNATA THERAPEUTICS

Cynata says it engaged the New York-based PCG Advisory Group "to drive [its] investor awareness program in the US".

Cynata said that PCG would "maximize the impact of [its] ongoing US capital markets and social [and] digital media program through direct outreach to targeted segments of the US investment community".

The company said that PCG would "invigorate and expand [its] social and traditional media through a comprehensive integrated media strategy".

Cynata fell 1.5 cents or 3.95 percent to 36.5 cents.