



Biotech Daily

Monday July 20, 2015

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH UP: GENETIC TECHNOLOGIES UP 26%; ANALYTICA DOWN 5%**
- * **USCOM TO RAISE \$1.95m FOR THOR DEVICES ACQUISITION**
- * **VERVA SELLS IP TO REVERX, UNNAMED US COMPANY; LIQUIDATION**
- * **WEARABLE THERMOMETER WINS 1 OF 13 FEDERAL GRANTS**
- * **US GUIDELINES FOR LYMPHOEDEMA 'WILL BENEFIT IMPEDIMED'**
- * **OPTISCAN REQUESTS 'BOARD CHANGES' TRADING HALT**
- * **HUNTER HALL TAKES 13.5% OF GI DYNAMICS**

MARKET REPORT

The Australian stock market edged up 0.3 percent on Monday July 20, 2015 with the ASX200 up 16.8 points to 5,686.9 points.

Nineteen of the Biotech Daily Top 40 stocks were up, 13 fell, six traded unchanged and two were untraded.

Genetic Technologies was the best, up 0.7 cents or 25.9 percent to 3.4 cents with 5.96 million shares traded, followed by Avita up 14.1 percent to 9.7 cents with 469,440 shares traded and IDT up 10.4 percent to 26.5 cents with 430,477 shares traded.

Polynovo climbed 9.5 percent; Admedus, Impedimed and Tissue Therapies were up more than eight percent; Compumedics was up 5.45 percent; Oncosil and Viralytics rose more than four percent; Ellex and Sirtex were up more than three percent; Cochlear and Nanosonics rose more than two percent; Acrux and CSL were up more than one percent; with Benitec, Clinuvel, Mesoblast, Osprey and Starpharma up by less than one percent.

Analytica led the falls, down 0.1 cents or 10 percent to 0.9 cents, with 1.7 million shares traded.

Cellmid and Psivida lost more than five percent; Antisense, Biotron, Pharmaxis and Universal Biosensors fell more than four percent; Prima was down 3.2 percent; Actinogen, Atcor and Prana shed more than two percent; Anteo fell 1.3 percent; with Medical Developments down 0.7 percent.

USCOM

Uscom says it has raised \$1.55 million in a placement at 15 cents a share and with a share plan underwritten to \$400,000 will acquire Hungary's Thor Laboratories.

Uscom said that placement was to professional and sophisticated investors and the share plan was underwritten by Patersons Securities.

The company said that it would acquire the Budapest, Hungary-based Thor medical device manufacturer for \$1 million, comprising \$700,000 in upfront cash, \$200,000 in cash earn-outs and \$100,000 in equity earn-outs over three years.

Uscom said Thor was a cash-flow positive medical device manufacturer with annual revenue of about \$500,000 and specialized in high fidelity digital Doppler technology for measurement of respiratory function.

The company said that Thor manufactured a number of devices with specific application in the assessment of asthma, chronic obstructive pulmonary disease and other respiratory disorders, with new potential applications in sleep medicine.

Uscom said that the Thor devices had a range of approvals including Conformité Européenne (CE mark) and Australian Therapeutic Goods Administration, with some devices under US Food and Drug Administration submission.

Uscom said that Thor's assets, not including intellectual property, operations and global certificates and approvals, were valued at \$361,000 at December 31, 2014 and an additional \$100,000 of cash would be left in the company as working capital.

The company said that the acquisition was led by the Sydney-based law and advisory firm K&L Gates.

Uscom said that Thor founder George Ferenczi would become a full-time employee, continuing to manage the Thor operations and contribute to an expanded product development program.

Uscom said the placement included one free attaching unlisted option for every three shares subscribed, exercisable at 25 cents on or before July 31, 2017.

The company said that the Thor acquisition was "a key strategic growth opportunity, providing additional revenue, internationally accredited manufacturing and [research and development] capabilities, distribution and a respirometric product suite".

Uscom said that the share plan's record date was July 17, 2015 and eligible shareholders could apply for up to \$15,000 worth of shares, on the same terms as the placement.

Uscom executive chairman Prof Rob Phillips said the acquisition was "transformational, growing Uscom's revenue and providing international manufacturing, distribution, additional skilled personnel, and a new suite of products ready for sale with CE and TGA regulatory approvals and some regional reimbursement".

"The Thor products complement the current USCOM 1A and BP+ devices and can be sold side by side into hospitals, clinics and ultimately the lucrative and rapidly growing home care markets of the US and China," Prof Phillips said.

"The Thor acquisition is revenue positive and value accretive for Uscom shareholders, and advances Uscom's strategy to build a company of world leading non-invasive technologies for accurate measurement of heart, lung and vascular function, and improved management of cardiovascular and pulmonary care," Prof Phillips said.

"The transaction has operational, technologic and clinical synergies and so provides ideal incremental growth for Uscom," Prof Phillips said.

"It has taken me 12 years to develop Thor and its products, and bringing Thor together with Uscom creates scale and commercial opportunity that the two companies alone could not achieve," Mr Ferenczi said.

Uscom was unchanged at 18 cents.

VERVA PHARMACEUTICALS

Verva says it has signed agreements with two companies to sell its intellectual property related to VVP808, its chemical library and drug target intellectual property.

Verva said that the first transaction with an unnamed US company was for its intellectual property relating to VVP808 and its use in metabolic diseases and included an up-front fee, equity and milestones payments.

The company said that VVP808 was a new class of insulin sensitizer that had a different mode-of-action and a superior safety profile to the thiazolidinedione class of compounds.

Verva said that a completed a phase IIa demonstrated a statistically significant reduction in HbA1c from baseline after 24 weeks treatment with VVP808, as well as weight loss and improved liver function (BD: Jun 7, 2012).

The company said the second transaction, with Reverx Pty Ltd, was an equity-based technology assignment, relating to the intellectual property around its novel drug target and chemical library.

Verva said that Reverx was led by Monash University professor and Verva director Prof Michael Cowley along with Dr Mark Sleeman and Dr Andrew Wilkes and it would develop new drugs for diabetes and liver disease though Reverx shareholder Synthesis Med Chem.

Verva said it was formed in 2007 after the merger of Chemgenex Pharmaceuticals subsidiary Autogen Research with Adipogen Pharmaceuticals Pty Ltd, a University of Queensland spin-out supported by Uniquist, Uniseed, GBS Ventures and QIC Bioventures (BD: Oct 29, Nov 29, 2007).

The company said that Uniseed was the sole investor in Adipogen when it was formed in 2003, based on work led by the University of Queensland's Dr Jon Prins, who discovered that fibroblast growth factor receptors were important in fat cell formation and regulation, with QIC Bioventures and GBS subsequently invested in Adipogen and the Medical Research Commercialisation Fund investing in 2011.

Verva said that in 2008 it obesity-related intellectual property involving the modulation of fibroblast growth factor signalling to alter fat cell formation was licensed to the Carlsbad, California-based Isis Pharmaceuticals, which completed a phase I study of its obesity drug based on Adipogen's intellectual property.

Verva chairman Dr Ian Nisbet said the company was "pleased to be able to pass the baton to our two partner companies for the development of new treatments for diabetes and other metabolic diseases".

Prof Cowley said that "the proprietary biology around the novel drug target for diabetes and liver disease is particularly compelling".

"This biology, combined with Synthesis [Med Chem] strength in medicinal and synthetic chemistry should allow us to unlock value from the program and benefit a broad range of patients with these serious conditions," Prof Cowley said.

Verva said that the transactions meant it had assigned or sold all of its intellectual property.

The company said that at its company's 2015 annual general meeting, shareholders voted in favor of voluntary liquidation and PKF Australia had been appointed appointment as liquidator.

Verva is a public unlisted company.

FEDERAL GOVERNMENT

The Federal Government says \$5.1 million has been provided to 13 companies through the Entrepreneurs' Programme, with only one related to biotechnology.

Federal Industry and Science Minister Ian Macfarlane said the Programme "provides innovative Australian businesses with access to expert advice, experience and networks crucial for attracting investment and getting new ideas into the marketplace".

"This Accelerating Commercialisation funding will help thirteen Australian businesses to tackle the challenges they face in commercialising their innovative products and services," Mr Macfarlane said.

According to the Federal Industry website, the only one of the 13 projects that appeared to relate to innovation for human health was for the Brookvale, New South Wales-based Fidelis Technologies for its 'Restassured Wearable thermometer' which received \$100,000.

The largest grant of \$800,000 went to Adelaide's Portalogue Solutions to commercialize its products with US trading partners, followed by \$725,000 to the Macquarie Park, New South Wales-based Argus Global for its child care management system.

IMPEDIMED

Impedimed says that US National Comprehensive Cancer Network guidelines have included lymphoedema as a complication following breast cancer for the first time.

Impedimed said that the Network's Clinical Practice Guidelines In Oncology for breast cancer acknowledged that lymphoedema was "a common complication following treatment for breast cancer".

The company said that the Guidelines were "recognized as the standard for clinical policy in cancer care" in the US and recommended breast cancer patients be educated about lymphoedema, monitored for the condition and referred for lymphoedema management as needed.

Impedimed's L-Dex is used to diagnose and manage lymphoedema.

Impedimed chief executive officer Richard Carreon said that inclusion of lymphoedema monitoring and management in the Guidelines "demonstrates the importance of managing lymphoedema for breast cancer survivors".

"These guidelines are widely recognised as the standard for clinical practice in the US and we expect them to be a strong driver for the broad market adoption of L-Dex in the US marketplace," Mr Carreon said.

Impedimed said that the changed Guidelines "resulted from a review by a multidisciplinary panel of experts ... and [was] based on requests and clinical data submitted by Impedimed in June 2014".

Impedimed climbed 7.5 cents or 8.5 percent to 95.5 cents with 2.1 million shares traded.

OPTISCAN

Optiscan has requested a trading halt pending an announcement "when the formalities of changes to the board of directors, including new appointments, have been completed".

Earlier this month, Optiscan responded to a lengthy and detailed ASX query regarding director's interest disclosures by chairman Angus Holt (BD: Jul 10, 2015).

Trading will resume on July 22, 2015 or on an earlier announcement.

Optiscan last traded at five cents.

GI DYNAMICS

Hunter Hall Investment Management says it has increased its substantial shareholding in GI Dynamics from 58,793,955 shares (12.40%) to 63,984,375 shares (13.49%).

The Sydney-based Hunter Hall said that from May 14 to July 16, 2015, it acquired the shares in more than 50 transactions with the single largest purchase, 612,581 shares for \$92,117, or an average price of 15.04 cents a share.

GI Dynamics was unchanged at 15 cents.