



Biotech Daily

Wednesday August 19, 2015

Daily news on ASX-listed biotechnology companies

- * **ASX UP, BIOTECH DOWN: ATCOR UP 4%, BENITEC DOWN 23.5%**
- * **BENITEC RAISES \$19m OF HOPED FOR \$95m, 22.5% DISCOUNT**
- * **EDITORIAL: ANOTHER BAND FAILS TO MAKE IT BIG IN THE USA**
- * **ITL REVENUE UP 10% TO \$28m, PROFIT UP 5% TO \$2m**
- * **PHARMAXIS REVENUE UP 465% to \$59m, TURNAROUND \$18m PROFIT**
- * **CIRCADIAN REVENUE UP 7% TO \$939k, LOSS UP 33% TO \$5m**
- * **LIVING CELL REVENUE DOWN 87% TO \$1m, LOSS UP 4% TO \$7m**
- * **COGSTATE REVENUE UP 41% TO \$16m, LOSS UP 30% TO \$5m**
- * **PARADIGM OPENS UP 14.3%**
- * **IQ3 US SUBSIDIARY TO OPERATE INVESTMENT BANK**
- * **RHINOMED REQUESTS 'GLOBAL DISTRIBUTION' TRADING HALT**

MARKET REPORT

The Australian stock market climbed 1.45 percent on Wednesday August 19, 2015 with the ASX200 up 77.1 points to 5,380.2 points. Ten of the Biotech Daily Top 40 stocks were up, 20 fell, eight traded unchanged and two were untraded.

Atcor was the best, up one cent or 4.35 percent to 24 cents with 644,559 shares traded, followed by Genetic Technologies up four percent to 2.6 cents with 517,324 shares traded. Anteo, Cellmid, Cochlear, Living Cell and Universal Biosensors climbed more than two percent; Compumedics and Neuren were up more than one percent; with Medical Developments, Resmed and Viralytics up by less than one percent.

Benitec led the falls, down 19 cents or 23.5 percent to 62 cents with 2.8 million shares traded, followed by Analytica down 14.3 percent to 0.6 cents with 2.5 million shares traded and Actinogen down 11.4 percent to 6.2 cents with 1.2 million shares traded. Oncosil lost 8.7 percent; IDT and Prima shed more than seven percent; Avita was down 6.7 percent; Antisense and Biotron fell more than four percent, Prana was down 3.3 percent; Admedus, Ellex, Impedimed, Mesoblast, Osprey, Sirtex and Starpharma shed more than two percent; Tissue Therapies lost 1.7 percent; with CSL, Orthocell and Psivida down by less than one percent.

BENITEC BIOPHARMA

Benitec says it has raised \$US13.8 million (\$A18.8 million) of the hoped for \$US70 million (\$95.4 million), at a discount of 22.5 percent to its last ASX closing price.

In June, Benitec said it would list on the Nasdaq to advance its therapeutic programs and “to access the US public equity market” (BD: Jun 23, 2015).

Today, the company said that it would issue 1,500,000 American depositary shares at \$US9.21 a share, equivalent to 30,000,000 Australian shares at 62.8 cents share.

Benitec said that one US warrant would be issued for every three ADSs, exercisable at \$US5.50 per ADS by August 21, 2020, equivalent to 37.5 cents per Australian share.

Last night on the Nasdaq, Benitec closed down \$US1.24 or 13.46 percent at \$US7.97 (equivalent to 54.3 cents per Australian share) with 470,617 ADSs traded.

Benitec said the underwriters had 45-days to purchase up to an additional 225,000 ADSs and/or 75,000 warrants to purchase ADSs to cover over-allotments, if any.

Benitec said the ADSs and warrants would trade under the symbols BNTC and BNTCW, respectively and the offer was expected to close on or about August 21, 2015.

Benitec said that Maxim Group LLC was the sole book-running manager for the offer.

Benitec fell 19 cents or 23.5 percent to 62 cents with 2.8 million shares traded.

BIOTECH DAILY, BENITEC BIOPHARMA

Biotech Daily is not surprised that Benitec has failed to raise anywhere near its target of \$90 million to \$95 million for its Nasdaq listing.

Like so many rock bands that have been big at home but failed in the US or Europe, few Australian biotechnology companies have benefited from attempts to list on the Nasdaq. There is a difference between listing on the Over-The-Counter (OTC) exchanges and a full Nasdaq listing, which has the attractive bait of access to US funds, but comes with a hook of a duplication of corporate regulations – some of which contradict Australian law.

Prana and Genetic Technologies are listed on the Nasdaq Capital Markets and have raised funds in the US and on at least one occasion the US market has better understood a Genetic Technologies announcement than local investors, but generally it has not been a happy outcome, with Novogen and Psivida among the exceptions.

Biota devalued itself by more than 65 percent in a failed attempt to access Nabi's \$US54 million, settling for \$US27 million (BD: May 9, 2014) and Alchemia failed to raise \$60 million to list on the Nasdaq (BD: Jul 9, Dec 21, 2012).

Stirling Products promised to cure AIDS, influenza, kidney disease and tuberculosis and delivered nothing, so it wanted to list on London's Alternative Investment Market to benefit from “the more extensive and in depth UK and European investment industry coverage of the pharmaceutical and healthcare industry” (BD: Jun 7, 2011).

Biotech Daily has long wondered why any company would want two sets of regulations in different jurisdictions. Some suggest it is the hubris of the directors and management that they want to run US companies and justify ever-increasing frequent flyer points.

Resmed has a New York Stock Exchange listing and Cochlear has an Over-The-Counter Nasdaq facility, but CSL has not bothered.

Bionomics listed on the Over-The-Counter Quality Exchange so US investors could trade its shares, but OTC listings don't have the burden of a Nasdaq listing (BD: Mar 2, 2015).

As an investor in Benitec, it is very hard to understand why the company would make an offer at such a large discount to raise just \$18.8 million.

That said, if TT-034 proves to have efficacy for hepatitis C and the share price goes through the roof, we shall be ecstatically happy to be wrong.

David Langsam, Editor

ITL

ITL says revenue for the 12 months to June 30, 2015 was up 9.5 percent to \$28,330,000 with net profit after tax up 4.9 percent to \$2,121,000.

ITL said that Australia healthcare revenue was up 24 percent to \$18.6 million driven by strong sales of intravenous kits to Western Australia hospitals, while bio-medical revenue decreased four percent to \$11.1 million, "reflecting poor US market conditions partly offset by the stronger US dollar and increased sales".

The company said that gross profit was flat due to the adverse impact of the Malaysian plant shutdown and relocation, provision for the write-off of certain inventories, which contained a defective component sourced from a supplier, margin erosion in the Australian healthcare market and its Australian healthcare revenue growth was in lower margin products.

ITL said that cash at June 30, 2015 was up 804.1 percent to \$1,103,000 compared to \$122,000 at June 30, 2014 and \$412,000 at June 30, 2013.

The company said that basic earnings per share was up 3.7 percent to 2.50 cents compared to the previous year's 2.41 cents and net tangible asset backing per share was up 15.5 percent from 9.7 cents to 11.2 cents.

ITL said that a 0.25 cent dividend per share franked to 0.246 cents a share would be paid to shareholders on the record date of August 26, 2015 on September 3, 2015.

The company said that a fully franked 0.5 cent interim dividend had been paid.

ITL fell one cent or four percent to 24 cents.

PHARMAXIS

Pharmaxis says that revenue for the year to June 30, 2015, was up 465.0 percent to \$59,247,000 providing a turnaround net profit after tax of \$18,466,000.

Pharmaxis said that sale of PXS4728A to Boehringer Ingelheim "significantly bolstered the financial strength of the company."

In May, Pharmaxis said it would receive an upfront fee of EUR27.5 million (\$A37.4 million) for the sale of PXS4728A to Boehringer Ingelheim for non-alcoholic steato hepatitis as part of a deal worth potentially more than \$750 million (BD: May 18, 2015).

The company said that sales of Aridol and Bronchitol increased 19.1 percent to \$5,999,000.

The company said that net tangible assets per share was up 120 percent to 11 cents, with diluted earnings per share of 5.9 cents compared to the previous loss of 16.8 cents.

Pharmaxis said that it had cash and cash equivalents of \$54,138,000 at June 30, 2015 compared to \$34,182,000 at June 30, 2014.

Pharmaxis was unchanged at 20.5 cents.

CIRCADIAN

Circadian says that revenue for the year to June 30, 2015 was up 6.9 percent to \$939,008, with net loss after tax up 32.9 percent to \$5,312,079.

Circadian said that royalties and licence fees were down 14.5 percent to \$515,859.

The company said diluted loss per share fell 40.75 percent from 8.22 cents at June 30, 2014 to 4.87 cents at June 30, 2015, with net tangible asset backing per share down 31.8 percent from 22 cents at June 30, 2014 to 15 cents at June 30, 2015.

Circadian said it had cash and equivalents of \$18,435,637 at June 30, 2015, compared to \$7,162,020 at June 30, 2014.

Circadian was untraded at 21 cents.

LIVING CELL

Living Cell says that revenue for the year to June 30, 2015, was fell 86.8 percent to \$1,044,639 with net loss after tax up 3.9 percent to \$7,043,402.

The company said that net tangible asset backing per share fell 50 percent to 1.2 cents, with diluted loss per share down 7.9 percent to 1.75 cents.

Living Cell said that it had cash and cash equivalents of \$5,144,027 at June 30, 2015 compared to \$4,554,399 at June 30, 2014.

Living Cell was up 0.1 cents or 2.5 percent to 4.1 cents.

COGSTATE

Cogstate says revenue for the 12 months to June 30, 2015 was up 40.7 percent to \$16,192,272, with a net loss after tax up 30.2 percent to \$5,062,222.

Cogstate said that net tangible asset per share fell 27.3 percent to eight cents at June 30, 2015 compared to 11 cents in the previous period.

The company said that diluted loss per share was up 18.6 percent to 5.1 cents compared with 4.3 cents in the previous corresponding period.

Cogstate said it had cash and equivalents of at \$5,497,197 at June 30, 2015 compared to \$7,126,749 at June 30, 2014.

Cogstate was unchanged at 23 cents.

PARADIGM BIOPHARMACEUTICALS

Paradigm opened 14.3 percent above its initial public offer price of 35 cents a share at 40 cents, closing up two cents or 5.7 percent at 37 cents with 134,226 shares traded.

Paradigm said it had raised \$8 million in an oversubscribed offer and the funds would enable the completion of a phase IIa bone marrow oedema, or bone bruising, clinical trial in 2017 and the start of trials on a novel treatment for allergic rhinitis and other respiratory diseases, including allergic asthma and chronic obstructive pulmonary disease (BD: Jun 18, Aug 17, 2015).

IQ3 CORP

IQ3 Corp says its US subsidiary IQ Capital LLC was applying for licences to operate an investment banking business dedicated to life sciences.

IQ3 said that it had mandated its advisors to begin regulatory filings to offer financial services including debt or equity offerings through public or private placement, including the pricing of securities in the debt and equity offerings, origination which deals with equity capital markets and debt capital markets, underwriting, marketing, structuring, syndication and managing the allocation and stabilization activities of offerings.

The company said it would offer mergers, acquisitions and financial restructuring services including tender offers, assets sales, reorganization or divestitures and transactions involving business combinations, which included solvency and fairness opinions

IQ3 said that IQ Capital aimed to realize cross-border arbitrage between Australian biotechnology assets and American biotechnology institutional investors.

IQ3 chief executive officer Dr George Syrmalis said the move was "a major milestone for our investors, the biotech industry, our team and the people we work with".

IQ3 said it expected IQ Capital to commence operational activity in about 90 days and fulfil its regulatory commitments within six to nine months.

IQ3 was up 1.5 cents or five percent to 31.5 cents.

[RHINOMED](#)

Rhinomed has requested a trading halt “pending an announcement in relation to the first stage in global pharmacy distribution”.

Trading will resume on August 21, 2015 or on an earlier announcement.

Rhinomed last traded at 4.3 cents.