



# Biotech Daily

Thursday February 25, 2016

*Daily news on ASX-listed biotechnology companies*

- \* **ASX UP, BIOTECH DOWN: CLINUVEL UP 14%, ATCOR DOWN 12.5%**
- \* **MMJ WELCOMES FEDERAL MEDICAL CANNABIS AMENDMENT**
- \* **ALCHEMIA COMPLETES \$30.2m CAPITAL RETURN**
- \* **BLUECHIIP SHARE PLAN RAISES \$240k, TOTAL \$690k**
- \* **COMPUMEDICS H1 REVENUE UP 11% TO \$17m, PROFIT UP 106% TO \$2m**
- \* **ACRUX H1 REVENUE UP 27% TO \$18m, PROFIT UP 39% TO \$10m**
- \* **CELLMID H1 REVENUE UP 103% TO \$1.4m, LOSS UP 72% TO \$1.7m**
- \* **GENETIC TECH H1 REVENUE DOWN 64% TO \$517k, LOSS DOWN 37% TO \$3m**
- \* **ALLEGRA H1 REVENUE DOWN 27% TO \$3m, LOSS UP 340% TO \$1m**
- \* **PROBIOTEC H1 REVENUE UP 2% TO \$30m, \$2m PROFIT**
- \* **ONCOSIL 24m LOAN SHARES EGM**
- \* **JCP TAKES 7% OF NANOSONICS**

## MARKET REPORT

The Australian stock market was up 0.13 percent on Thursday February 25, 2016 with the ASX200 up 6.2 points to 4,881.2 points. Ten of the Biotech Daily Top 40 stocks were up, 16 fell, 11 traded unchanged and three were untraded.

Clinuvel was the best, up 44 cents or 13.75 percent to \$3.64 with 7,274 shares traded, followed by Benitec up 10.2 percent to 27 cents with 120,562 shares traded.

Bionomics and Neuren climbed more than eight percent; Living Cell was up 5.9 percent; Acrux rose 2.3 percent; Actinogen, Opthea, Orthocell and Polynovo Viralytics were up more than one percent; with CSL and Resmed up by less than one percent.

Atcor led the falls, down two cents or 12.5 percent to 14 cents with 307,410 shares traded. Oncosil lost 9.4 percent; Genetic Technologies fell five percent; Ellex, Impedimed, Osprey, Sirtex and Starpharma fell four percent or more; Mesoblast and Prana were down more than three percent; Compumedics shed 2.5 percent; Avita, Biotron, Pro Medicus and Universal Biosensors were down more than one percent; with Cochlear and Nanosonics down by less than one percent.

### MMJ PHYTOTECH

MMJ says it welcomes the passing of the Narcotic Drugs Amendment Bill 2016 by both Houses of the Australian Parliament.

An officer of the Senate told Biotech Daily the Bill passed both Houses yesterday without amendment and would go to the Governor-General for Royal Assent.

The Bill's summary says that it amends the Narcotic Drugs Act 1967 "to: give effect to certain of Australia's obligations under the Single Convention on Narcotic Drugs 1961; establish licencing and permit schemes for the cultivation and production of cannabis and cannabis resin for medicinal and scientific purposes, and for the manufacture of narcotic drugs covered by the Single Convention; provide for monitoring, inspection and enforcement powers for authorized inspectors and for the secretary to give directions to licence holders and former licence holders; and enable the secretary to authorize a state or territory government agency to undertake cultivation and production of cannabis and manufacture of medicinal cannabis products; and the Therapeutic Goods Act 1989.

MMJ said that the Bill was "a significant boost to MMJ's strategic entry into the Australian market as it has defined a legal pathway for the domestic cultivation, refinement and manufacturing of medical cannabis products for the first time".

MMJ managing-director Andreas Gedeon said "the introduction of [medicinal cannabis] legislation in Australia is indicative of the significant global regulatory momentum which is driving the demand for refined ... products and sophisticated delivery systems that provide patients with therapeutic benefits without the adverse impacts of smoking".

MMJ was up 1.5 cents or 4.6 percent to 34 cents with 5.7 million shares traded.

### ALCHEMIA

Alchemia says it has completed its \$30.2 million capital return to shareholders at 9.3 cents a share.

Last year, in the wake of its hyaluronic acid version of irinotecan failing to meet the primary endpoint in its 415-patient phase III metastatic colorectal cancer trial, Alchemia sold its revenue-generating fondaparinux to distribution partner Dr Reddy's Laboratories for \$US17.5 million (\$A24.6 million) (BD: Oct 10, 27, 2014; Sep 25, Nov 18, 2015).

In July 2015, Alchemia said that Panther would buy its oncology assets including the Hyact platform for cash and stock worth more than \$US16 million but that transaction remains behind schedule in (BD: Jul 1, Aug 3, 2015).

Also in July, Vast Bioscience acquired the versatile assembly on stable templates (VAST) drug discovery platform for \$100,000 upfront and royalties (BD: Jul 3, 2015).

Alchemia's most recent Appendix 4C Quarterly Report said that the company had \$33,029,000 at December 31, 2015.

Alchemia fell 0.1 cents or 14.3 percent to 0.6 cents with 2,351,525 shares traded.

### BLUECHIIP

Bluechiip says its share plan at 2.85 cents a share has raised \$240,000 and with its placement of \$450,000 at four cents, has raised \$690,000 (BD: Dec 17, 2015).

Bluechiip chief executive officer Andrew McLellan said the capital raised "enables Bluechiip to progress with our [original equipment manufacturer] partnering strategy that is gaining momentum evidenced through the recent announcement of a significant ... partnering milestone and continued execution on agreements".

The company said that the funds would be used for ongoing working capital requirements.

Bluechiip fell 0.1 cents or three percent to 3.2 cents.

## COMPUMEDICS

Compumedics says revenue for the six months to December 31, 2015, was up 11.0 percent to \$17,358,000 with net profit after tax up 106.1 percent to \$1,863,000.

Compumedics said that sales increased six percent with a 13 percent rise in Asia, including China, and a 10 percent increase by its Germany-based DWL trans-cranial Doppler business, a six percent rise in US sales and a four percent increase in Australia. The company said that the result "reflects greater sales orders and shipments, ongoing efficiency gains and the depreciation of the Australian dollar".

Compumedics said that it expected full year revenue to increase into a range of \$36.0 million to \$38.0 million with a net profit after tax of \$2.8 million to \$3.2 million.

The company said that net tangible assets per share was up 34.8 percent to 6.2 cents and diluted earnings per share was up 120 percent to 1.1 cents at December 31, 2015 compared to 0.5 cents for the previous corresponding period.

Compumedics said that cash and cash equivalents at December 31, 2015 was \$1,665,000 compared to \$2,2304,000 at June 30, 2015.

Compumedics fell one cent or 2.5 percent to 39 cents.

## ACRUX

Acrux says that revenue for the six months to December 31, 2015 was up 26.6 percent to \$18,004,000 taking net profit after tax up 38.9 percent to \$9,746,000.

Acrux said that Axiron sales by partner Eli Lilly for the 12 months to December 31, 2015 were \$US154 million, with sales of \$US83.0 million for the six month period, compared to \$US83.9 million for the six months to December 31, 2014.

The company said that foreign exchange rates benefitted the Axiron royalty up 10.9 percent to \$15.2 million and it had received a milestone payment of \$US2 million (\$A2.9 million) from Gedeon Richter, which had launched its Lenzetto estradiol spray for menopause symptoms in Poland, the Czech Republic and Hungary.

Acrux chief executive officer Michael Kotsanis told a teleconference that with flat Axiron sales he did not expect to reach the next milestone payment from Eli Lilly in the year to December 31, 2016.

Mr Kotsanis said that Acrux had a pipeline of topical products in development led by ACR065 for onychomycosis, a fungal infection of the toe and finger nail bed, with the product expected to be trialed in a human clinical trial in 2017.

Mr Kotsanis said that there were four further generic topical products in the pipeline, with three in development, but declined to name the drugs or the indications.

He said that two non-steroidal anti-inflammatory drugs (NSAIDS) had been shelved with no further development work to be undertaken other than licencing discussions, if they occurred.

The company said that no dividend would be paid for six months to December 31, 2015.

Acrux said that diluted earnings per share climbed 50 percent from 4.0 cents in the previous corresponding period to 6.0 cents for the six months to December 31, 2015, with net tangible asset backing per share up 44.4 percent to 13 cents.

The company said it held cash and cash equivalents of \$21,539,000 at December 31, 2015 compared to \$23,068,000 at December 31, 2014.

Acrux was up 1.5 cents or 2.3 percent to 67 cents.

### CELLMID

Cellmid says its revenue for the six months to December 31, 2014 was up 103.4 percent to \$1,393,643 with net loss after tax up 72.3 percent to \$1,728,141.

Cellmid said that most of its revenue was from its Évolis hair loss treatment business with sales up 108.8 percent to \$1,216,254 for the six months to December 31, 2015 compared to \$582,594 for the six months to December 31, 2014, as well as \$68,716 for midkine antibody reagent sales compared to \$16,707 in the previous period.

The company said it received \$61,660 in royalties for its Cxbladder midkine-based bladder cancer diagnostic licenced to Pacific Edge Biotechnology.

Cellmid said that net tangible assets per share fell 14.0 percent from 0.50 cents at December 31, 2014 to 0.43 cents at December 31, 2015.

The company said that said that diluted loss per share was up 35.7 percent to 0.19 cents compared to the previous corresponding period's 0.14 cents.

Cellmid said it held cash and cash equivalents of \$4,524,638 at December 31, 2015 compared to \$1,582,899 at June 30, 2015.

Cellmid was unchanged at 1.8 cents with one million shares traded.

### GENETIC TECHNOLOGIES

Genetic Technologies says revenue for the six months to December 31, 2015 fell 64.1 percent to \$516,552, with net loss after tax down 36.8 percent to \$3,019,678.

Genetic Technologies said that diluted loss per share fell 63.2 percent from 0.68 cents at December 31, 2014 to 0.25 cents at December 31, 2015.

The company said it had cash and cash equivalents of \$14,519,541 at December 31, 2015 compared to \$18,341,357 at June 30, 2015.

Genetic Technologies fell 0.1 cents or five percent to 1.9 cents with 9.5 million shares traded.

### ALLEGRA ORTHOPAEDICS (FORMERLY ADVANCED SURGICAL DESIGN)

Allegra says that revenue for the six months to December 31, 2015, fell 26.6 percent to \$3,422,654 with net loss after tax up 340.1 percent to \$1,151,285.

Allegra said that there had been a focus on streamlining manufacturing processes which resulted in the decision to outsource manufacturing of its key product range, Total Active Knee, to Signature Orthopaedics Pty (BD: Nov 4, 2015).

The company said that the decision would improve margins and allow the company to increase investment in sales and marketing to accelerate revenue growth.

Allegra said the decision resulted in one off, non-recurring costs of \$654,716.

The company said it had increased focus on sales of orthopaedic products resulting in an increase in agency commission revenue of \$253,291.

Allegra said it would "seek innovative revenue channels that match its capabilities and leverage the new corporate brand identity that will underpin the consolidated entity's commitment and focus on opportunities into the future".

The company said that diluted loss per share increased 254.9 percent to 1.81 cents for the six months to December 31, 2015.

Allegra said that net tangible assets per share fell 37.5 percent to 4.44 cents at December 31, 2015 compared to 7.10 cents at December 31, 2014.

The company said it had cash and cash equivalents of \$829,898 at December 31, 2015, compared to \$1,083,145 at June 30, 2015.

Allegra was untraded at 25 cents.

## PROBIOTEC

Probiotec says its revenue for the six months to December 31, 2015 was up 2.4 percent to \$30,154,367 taking the previous net loss after tax of \$26,099,715 to a profit of \$2,094,215. Last year, Probiotec said that it included impairment costs of \$24,250,850 in the six months accounts (BD: Feb 27, 2014).

The company said it had consolidated all manufacturing into its Laverton, Victoria pharmaceutical plant, the rationalisation of non-performing brands and the removal of the Irish manufacturing where, in the UK, the group maintains essential marketing staff.

Probiotec said it had “a clear focus on the core pillars of the business into the future being contract manufacturing and intellectual property development; branded pharmaceutical products and weight loss products”.

The company said that its net tangible assets per share was up 17.7 percent to 43.8 cents at December 31, 2015, with diluted earnings per share of 3.89 cents compared to the previous period's 49.38 cents loss per share.

Probiotec said it held cash and cash equivalents of \$123,514 at December 31, 2015 compared to \$120,296 at June 30, 2015.

Probiotec fell three cents or 5.8 percent to 49 cents.

## ONCOSIL MEDICAL

Oncosil will vote to elect Dr Chris Roberts a director and issue him 10,000,000 loan shares, with a further 14,000,000 loan shares for chief executive officer Daniel Kenny. Mr Kenny told Biotech Daily that the loan share price would be the market price on the day of issue following shareholder approval.

Oncosil said that shareholders would also vote on extending the vesting period and repayment for a 500,000 share tranche of loan shares for chairman Dr Roger Aston and extend the vesting period and repayment period for a tranche of 5,000,000 loan shares for director Martin Rogers (BD: Mar 21, 2014).

Oncosil said that it had previously issued 5,000,000 shares at 10 cents each to Mr Rogers, 12,000,000 at 13 cents to Mr Kenny and 2,000,000 at 13 cents each to Dr Aston. Today the company said it proposed to extend the expiry date of the vesting period of the shares by about two years from November 28, 2017 to December 31, 2019 as the original vesting date “was highly unlikely to have ever been achievable”.

“Furthermore the revised clinical and regulatory program currently under review by [the US Food and Drug Administration] differs significantly from the program as originally designed when the original vesting date was determined,” Oncosil said.

The meeting will be held at PKF Sydney, Level 8, 1 O'Connell Street, Sydney on March 24, 2016 at 2pm (AEDT).

Oncosil fell 1.5 cents or 9.4 percent to 14.5 cents with 8.6 million shares traded.

## NANOSONICS

The Melbourne-based JCP Investment Partners says it has increased its substantial holding in Nanosonics from 17,650,365 shares (6.23%) to 20,820,304 shares (7.34%).

JCP said that it bought the shares between February 12 and 23, 2016 with the single largest purchase 1,400,000 shares for \$2,665,120 or \$1.90 a share.

Nanosonics fell one cent or 0.5 percent to \$1.85.

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