



Biotech Daily

Tuesday March 1, 2016

Daily news on ASX-listed biotechnology companies

- * FEBRUARY BDI-40 DOWN 4%, ASX200 DOWN 2.5%, BIG CAPS FLAT
 - MESOBLAST UP 26%, CLINUVEL 26%; BENITEC DOWN 56%, IDT 29%
- * TODAY: ASX UP, BIOTECH DOWN: MESOBLAST UP 15%, ATCOR, ONCOSIL DOWN 12.5%
- * BENITEC: 'NO HEP C DATA UNTIL YEAR-END, BIG PHARMA LIKES HEP B'
- * MMJ PHYTOTECH RAISES \$5m
- * VOLPARA \$20m IPO FOR BREAST IMAGING FOR EARLY CANCER DETECTION
- * MEDIVAC ADMINISTRATORS APPOINTED
- * ONCOSIL POSSIBLE CE MARK DELAY, FURTHER FDA FILING
- * MEDICAL AUST H1 REVENUE UP 6% TO \$8m, PROFIT TO \$5m LOSS
- * TERMINATION TAKES LBT H1 REVENUE UP 169% TO \$4.3m, PROFIT UP 270% TO \$2m
- * PHOSPHAGENICS REVENUE UP 8% to \$2.7m, LOSS UP 125% TO \$20m
- * ANTEO H1 REVENUE UP 16% TO \$2m, LOSS UP 36% TO \$3m
- * IQ3 H1 REVENUE UP 277% TO \$1.2m, LOSS UP 243% TO \$813k
- * OPTISCAN EXTENDS SUSPENSION FOR CAPITAL RAISE, ACCOUNTS
- * SANDON CAPITAL QUIT ALCHEMIA

MARKET REPORT

The Australian stock market climbed 0.85 percent on Tuesday March 1, 2016 with the ASX200 up 41.4 points to 4,922.3 points. Eleven of the Biotech Daily Top 40 stocks were up, 17 fell, eight traded unchanged and four were untraded.

Mesoblast was the best, up 28 cents or 14.6 percent to \$2.20 with 1.5 million shares traded. Antisense climbed 5.6 percent; Compumedics, IDT, Medical Developments and Osprey rose four percent or more; Viralytics was up three percent; with Ellex, Opthea and Starpharma up by more than one percent.

Atcor and Oncosil led the falls, both down two cents or 12.5 percent to 14 cents with 406,845 shares and 5.2 million shares traded, respectively. Admedus lost 10.9 percent; Anteo, Bionomics and Pharmaxis fell six percent or more; Genetic Technologies and Prima were down five percent or more; Neuren lost 4.2 percent; Clinuvel, Polynovo, Pro Medicus and Uscom were down three percent or more; Orthocell and Universal Biosensors shed more than two percent; with Resmed down 1.6 percent.

BIOTECH DAILY TOP 40 INDEX (BDI-40)

Small falls across the board in February reduced the Biotech Daily Top 40 Index (BDI-40) 3.9 percent to a collective market capitalization of \$6,846 million, compared to the benchmark S&P ASX200 down 2.5 percent to 4,881 points.

The three Big Caps of Cochlear, CSL and Resmed (which are not included in the BDI-40) were up a cumulative 0.007 percent for the month, with CSL easing from its December 31, 2015 all-time high, down 1.2 percent in February to \$47,545 million, offset by Cochlear up 9.4 percent to \$5,861 million and Resmed up 0.8 percent to \$11,326 million.

For the year to the end of February, the ASX200 fell 17.7 percent, the BDI-40 rose 1.8 percent and the three Big Caps were up a cumulative 8.6 percent.

For the month of February, 12 companies were up, 24 fell and four were unchanged.

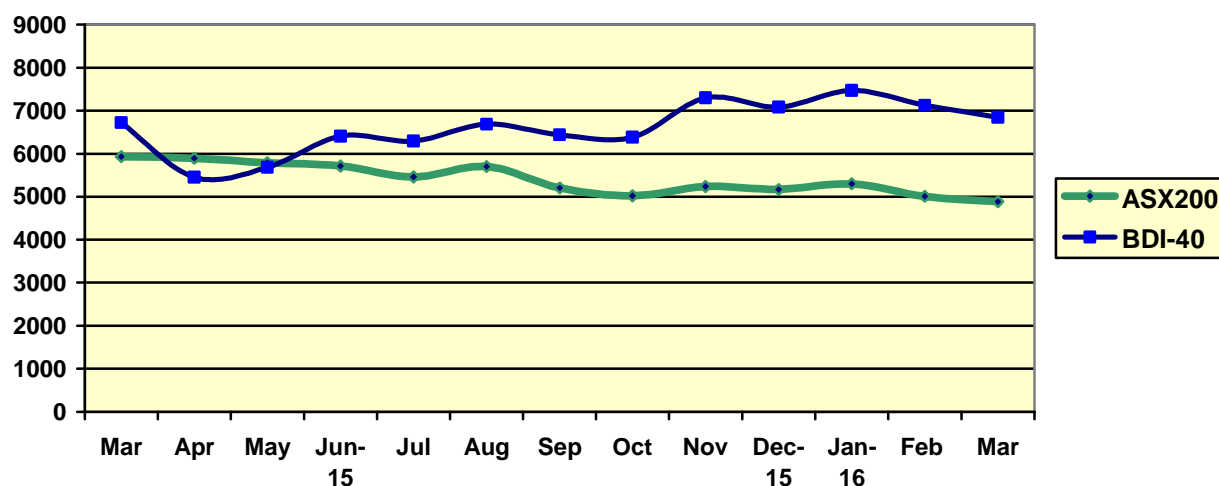
Mesoblast was the best, recovering \$152 million or 26.3 percent to \$730 million, followed by Clinuvcl up 25.95 percent to \$165 million, Living Cell (25%), Medical Developments (19.9%), Polynovo (15%), Actinogen (12.9%), Prana (11.9%) and Reva (11%).

While Benitec had the deepest percentage fall on the closure of its hepatitis C program (see below) down 56.1 percent to \$18 million and trading below cash value, the Sirtex retreat of 14.9 percent removed \$322 million, or 4.5 percent, from the index.

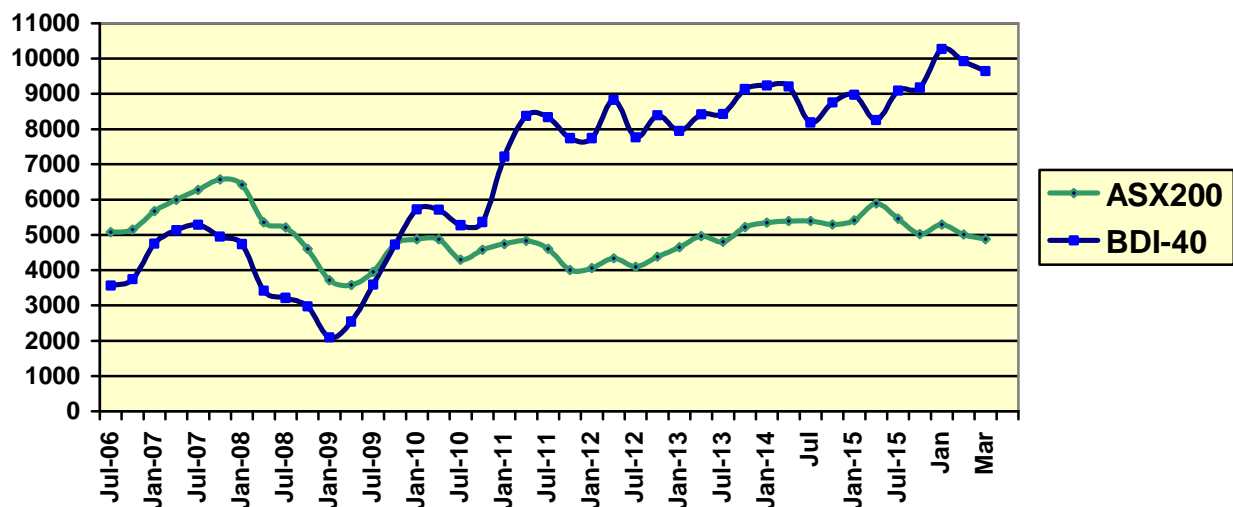
IDT retreated from its December high, down \$22 million or 28.6 percent to \$55 million, still more than double the \$26 million of 12 months ago, followed by Admedus, (27.4%), Oncosil (24.4%), Orthocell (24.2%), Osprey (23.9%), Pharmaxis (21.8%), Optiscan (20%), Atcor (17.9%), Sirtex (14.9%), Prima (13.7%) and Psivida (11.7%).

The Nasdaq was worse, with the Nasdaq Biotech Index down 4.9 percent in February but the three former Australian companies fell a collective 20.05 percent with Sunshine Heart losing a further 32.1 percent to \$19 million, Heartware down 21.0 percent to \$775 million and Biota shedding 5.7 percent to \$83 million. Outside the BDI-40, Cogstate, Cyclopharm, Dorsavi, MMJ Phytotech, OBJ and Pharmaust ran counter to the February trend.

BDI-40 (\$m) v S&P ASX 200 – Feb 28, 2015 – Feb 29, 2016



BDI-40 v ASX200 Jun 30, 2006 to Feb 291, 2016 - Adjusted



BENITEC BIOPHARMA

Benitec says despite closing the DNA-directed RNA-interference (ddRNAi) hepatitis C program, the trial has attracted interest in its hepatitis B program (BD: Feb 26, 2016). In a teleconference to explain the closing of the phase I/IIa TT-034 program begun in 2013, Benitec acting chief executive officer Greg West said that competition had improved from 12 months of daily injections to 12 weeks of oral tablets with increasing efficacy. Mr West said that recruitment to the Benitec TT-034 for hepatitis C trial had been "difficult".

Mr West said that the first-in-human program had provided safety and tolerability data, which had attracted "big pharma" interest in the company's hepatitis B program.

Mr West said that nine patients had been dosed so far and the primary endpoint of the phase I/IIa trial had been met with TT-034 being well-tolerated at all dose levels.

Mr West said that despite the closure of the trial the viral-load efficacy data would remain closed until after the 24-week follow-up on the last patient, not expected until the last three months of 2016.

Mr West said that hepatitis B had "low cure rates" and there had been more interest from big pharma on the HB-BB-331 hepatitis B program than any other program.

Benitec chief scientific officer Dr David Suhy said that the hepatitis trial had provided data, including a more appropriate starting dose for future trials.

Benitec chief business officer Carl Stubbings said that "TT-034 was of significant interest to big pharma as a first-in-man trial and the data made it a very valuable approach".

"They were incredibly interested in the potential for hepatitis B," Mr Stubbings said.

"We have a number of conversations with big pharma on hepatitis B," Mr Stubbings said.

Mr West said that \$22.7 million in cash at December 31, 2015 was sufficient to take the company through 2016 and 2017 and possibly into early 2018.

Mr Stubbings said that the company was not likely to file an investigational new drug application with the US Food and Drug Administration for the hepatitis B program until October 2017 and begin the phase I/II trial by the end of 2017.

Benitec chairman Peter Francis said the company had found several candidates for the position of chief executive officer and would announce the appointment of a new executive "as soon as possible".

Benitec was unchanged at 12 cents with 1.1 million shares traded.

MMJ PHYTOTECH

MMJ Phytotech says it has raised \$5 million through a placement at 24 cents a share to institutional investors introduced by corporate advisor, Merchant Corporate Finance.

MMJ said that investors would receive one free unlisted attaching option for every two shares acquired in the placement.

The company said that the funds would be used “to accelerate its entry into the Australian market” following Federal Government cannabis for medicinal purposes legislation as well as to facilitate its phase II clinical study of the efficacy of its “pro-nano-liposheres oral capsule formulation” for treating pain and spasticity in multiple sclerosis patients.

MMJ fell four cents or 11.8 percent to 30 cents with 2.3 million shares traded.

VOLPARA SOLUTIONS

Volpara says it hopes to raise \$20 million at 50 cents a share in an initial public offer to list on the ASX to commercialize its breast imaging software for early cancer detection.

The Wellington, New Zealand-based Volpara said that its US Food and Drug Administration-cleared software was able to analyze breast density, which was a risk factor for cancer, indicating a likely higher incidence of breast cancer and a characteristic which could hide cancer in a mammogram.

The company said that the software transformed a digital mammogram, from any supported x-ray vendor, into quantitative, standardised information about the breast, to inform decision-making about next steps in cancer detection, including controlling radiation doses for scans.

Volpara said that in the US, legislation in 24 states made it compulsory for breast density to be tested, based on a movement by women with dense breasts who discovered they had breast cancer after getting the all clear from mammograms.

The company said that it had “first mover advantage” and its technology was the only effective, objective measurement of breast density.

Volpara said that the prospective offer was being managed by Morgans.

The company said that of all cancers, breast cancer caused the third highest economic loss, at \$US88 billion a year and affected one in eight women, globally.

Volpara said that mammograms were important for the early detection of breast cancer and had reduced the risk of death by 40 percent, but they “only detect 65 percent of cancers in women with dense breasts, a characteristic that to date has only been observed subjectively”.

Volpara is a public unlisted company.

MEDIVAC

Hall Chadwick accountants says that Cameron Shaw, Brent Kijurina and Richard Albarran have been appointed administrators of Medivac on February 29, 2016.

Medivac was attempting to commercialize its Metamizer medical waste system and Sunnywipes hand hygiene products (BD: May 13, 2011; May 7, 2012).

In 2012, the company merged with Republica Capital and in 2014 sought funds to rebadge itself as Woolwich Capital (BD: Oct 29, 2012; Jan 31, 2014).

Last year, Medivac said it had a six-month \$200,000 converting loan to re-list on the ASX, changed its board and was conducting a review of its business (BD: Aug 10, 2015).

Executive director Craig Hitchings told Biotech Daily at that time that the company had sold Sunnywipes and licenced Metamizer, from which it was receiving some revenue.

Medivac last traded at 0.3 cents.

ONCOSIL MEDICAL

Oncosil says its timeline for Conformité Européenne (CE) mark might be delayed and it had filed a further 1,700 pages to the US Food and Drug Administration.

Oncosil chief executive officer Daniel Kenny told Biotech Daily that a previous update expected the CE mark by March 31, 2016 but following interactions with notified body, the British Standards Institute, the CE mark might not be granted before the end of March. Mr Kenny said the company had filed a further 1,700 pages of protocols, trial results and data to the US Food and Drug Administration in support of the investigational new drug application for its localized radiation treatment for pancreatic cancer (BD: Dec 14, 2015). Mr Kenny said that the original filing was 1,024 pages and he expected Oncosil would meet with the FDA this month, which could lead to further requests for information. Oncosil fell two cents or 12.5 percent to 14 cents with 5.2 million shares traded.

MEDICAL AUSTRALIA

Medical Australia says revenue for the six months to December 31, 2015, was up 6.0 percent to \$8,050,890, turning last year's net profit after tax to a loss of \$4,674,692. Medical Australia said its human health business improved eight percent with sales revenue of \$6,518,181, while its animal health division fell two percent to \$1,532,709. The company said that diluted loss per share was 3.72 cents at December 31, 2015, compared to a diluted profit per share of 0.39 cents in the previous period, with net tangible assets per share down 49.8 percent to 2.12 cents for the six months to December 31, 2015 and it held cash and cash equivalents of \$352,677 at December 31, 2015. Medical Australia was untraded at 4.8 cents.

LBT INNOVATIONS

LBT says its revenue for the six months to December 31, 2015 was up 169.3 percent to \$4,268,000 with net profit after tax up 270.2 percent to \$2,025,000.

LBT said it had received \$7.9 million relating to the termination of its licence agreement with Biomérieux of which \$3.6 million had been deferred (BD: Aug 27, 2016).

The company said that diluted earnings per share rose 686.7 percent to 3.54 cents for the six months to December 31, 2015, with net tangible assets per share up 123.5 percent to 6.57 cents and it held cash and cash equivalents of \$6,671,000 at December 31, 2015 compared to \$1,546,000 at December 31, 2014.

LBT was up one cent or 9.5 percent to 11.5 cents.

PHOSPHAGENICS

Phosphagenics says revenue for the year to December 31, 2015, was up 7.9 percent to \$2,702,000 with net loss after tax by 125.2 percent to \$20,120,000.

Phosphagenics said that sales of phosphorylated vitamin E derivatives, by partner Ashland for use in cosmetics, was up 11.4 percent from \$1,498,000 to \$1,669,000 and the remainder of sales were of its tocopheryl phosphate mixture (TPM), linked to existing licencing agreements with Themis, Le Metier and Integrated Animal Health.

The company said that diluted loss per share was up 134.8 percent to 1.55 cents at December 31, 2015, with net tangible assets per share down 35.9 percent from 2.06 cents to 1.32 cents and it had \$12,395,000 in cash and cash equivalents at December 31, 2015, compared to \$20,679,000 at December 31, 2014.

Phosphagenics fell 0.1 cents or 9.1 percent to one cent with 2.2 million shares traded.

ANTEO DIAGNOSTICS

Anteo says that revenue for the six months to December 31, 2015, was up 16 percent to \$1,144,411 with net loss after tax up 36 percent to \$3,080,089.

Anteo said that diluted loss per share was up 33.3 percent from 0.3 cents in the previous year to 0.4 cents for the six months to December 31, 2015, with net tangible assets per share constant at 0.1 cents.

The company said it had cash and cash equivalents of \$3,601,873 at December 31, 2015, compared to \$5,206,567 at June 30, 2015.

Anteo fell 0.4 cents or 6.45 percent to 5.8 cents with 3.4 million shares traded.

IQ3 CORP

IQ3 says that revenue for the six months to December 31, 2015, was up 277 percent to \$1,200,000 with net loss after tax up 243 percent to \$813,000.

IQ3 said that diluted loss per share was 0.01 cents, with net tangible assets per share three cents compared to the previous period's negative one cent.

The company said it had cash and cash equivalents of \$1,190,171 at December 31, 2015, compared to \$3,846,198 at June 30, 2015.

IQ3 was untraded at 29.5 cents.

OPTISCAN IMAGING

Optiscan says its suspension request last week followed the failure to complete a debt and equity fund-raising to deal with its immediate solvency (BD: Feb 22, 24, 2016).

Optiscan said that interim funding of \$200,000 had been advanced by an entity associated with non-executive director Ian Mann, which adds to the previous secured loan, resulting in a total secured loan of \$500,000.

The company said it was pursuing alternative providers of research and development loan funding to replace the previous mandate that was terminated.

Optiscan said it expected to lodge its December 31, 2015 half year statements once it secured the research and development loan funding and an equity placement.

The company said it would remain in suspension until it is able to confirm the funding arrangements and lodge its half year statements, by March 31, 2016.

Optiscan last traded at two cents.

ALCHEMIA

Sandon Capital says it has sold 64,619,996 Alchemia shares for \$516,960 or 0.8 cents a share.

In November, the Sydney-based Sandon Capital said it had increased its holding in Alchemia from 50,543,624 shares (15.6%) to 59,159,180 shares (18.2%), buying 8,615,556 shares on-market at an average price of 9.3 cents a share.

Last week, Alchemia completed a 9.3 cents a share return of capital (BD: Feb 25, 2016).

Alchemia was unchanged at 0.8 cents with 2.8 million shares traded.

BIOTECH DAILY'S TOP 40 WITH MARKET CAPITALIZATION AT FEB 29, 2016

Company \$Am	Mar-15	Feb-16	Mar-16
Cochlear	5,208	5,362	5,861
CSL	42,869	48,132	47,545
Resmed	11,554	11,233	11,326
BDI-20			
Acrux	186	117	110
Admedus	151	124	90
Benitec	102	41	18
Bionomics	196	156	159
Biotron	42	19	18
Clinuvel	147	131	165
Impedimed	258	311	294
Medical Developments	117	226	271
Mesoblast	1,358	578	730
Nanosonics	464	543	527
Neuren	267	189	206
Opthea	24	53	57
Osprey	74	46	35
Pharmaxis	27	101	79
Prima	53	95	82
Psivida	164	151	134
Reva	174	437	485
Sirtex	1,990	2,155	1,833
Universal Biosensors	65	67	70
Viralytics	56	177	159
Second 20			
Actinogen	34	31	35
Anteo	78	72	63
Antisense	16	10	10
Atcor	18	39	32
Avita	25	56	56
Cellmid	20	19	19
Compumedics	23	70	63
Ellex	36	85	79
Genetic Technologies	66	36	33
IDT	26	77	55
Living Cell	25	20	25
Oncosil	32	90	68
Optiscan	19	5	4
Orthocell	20	33	25
Polynovo	35	140	161
Prana	71	42	47
Pro Medicus	145	317	293
Starpharma	166	235	228
Tissue Therapies	68	12	12
Uscom	16	17	16

* Biotech Daily editor, David Langsam, owns shares in Acrux, Admedus, Benitec, Mesoblast, Nanosonics, Neuren and non-biotechnology stocks. Through Australian Ethical Superannuation he has an indirect interest in a range of other biotechnology companies: <http://www.australianethical.com.au/who-we-invest-in>. These holdings are liable to change.

Biotech Daily can be contacted at: PO Box 5000, Carlton, Victoria, Australia, 3053
email: editor@biotechdaily.com.au; www.biotechdaily.com.au; twitter: @biotech_daily