



Biotech Daily

Monday May 23, 2016

Daily news on ASX-listed biotechnology companies

- * **ASX DOWN, BIOTECH EVEN: BIOTRON UP 16%, ADMEDUS DOWN 8%**
- * **ALP: 'R&D TO 3% OF GDP, IIF REINSTATED, INVESTMENT PROGRAMS'**
- * **BIOTRON: '2 COMPOUNDS ACTIVE AGAINST ZIKA VIRUS'**
- * **US APPROVAL, PATENT FOR MAYNE'S DORYX MPC**
- * **MGC REQUESTS 'COSMETICS APPROVAL, DISTRIBUTION' TRADING HALT**
- * **FACTOR THERAPEUTICS 3m DR CHRIS BEHRENBRUCH OPTIONS EGM**
- * **ADMEDUS TO LOSE CEO LEE RODNE, REVIEW**
- * **STARPHARMA'S DR JACKIE FAIRLEY WINS BIO-MELBOURNE GONG**

MARKET REPORT

The Australian stock market fell 0.61 percent on Monday May 23, 2016 with the ASX200 down 32.4 points to 5,318.9 points.

Seventeen of the Biotech Daily Top 40 stocks were up, 16 fell and seven traded unchanged.

Biotron was best, up one cent or 15.6 percent to 7.4 cents with 5.7 million shares traded.

Mesoblast climbed 7.9 percent; Antisense and Ellex were up more than six percent; Genetic Technologies and Orthocell were up five percent or more; Acrux and Cellmid improved more than four percent; Psivida and Reva were up more than three percent; Anteo, Nanosonics and Pharmaxis rose two percent or more; Starpharma and Universal Biosensors were up one percent or more; with Cochlear, Impedimed, Resmed and Sirtex up by less than one percent.

Admedus led the falls, down 2.5 cents or 7.7 percent to 30 cents, with 851,389 shares traded.

Atcor lost 6.7 percent; Living Cell fell 5.7 percent; Avita, Benitec and Osprey fell four percent or more; Compumedics and IDT were down more than three percent; Uscom shed 2.3 percent; Actinogen, Airxpanders, Bionomics, Clinuvel, Pro Medicus and Viralytics were down one percent or more; with CSL and Medical Developments down by less than one percent.

ELECTION 2016: FEDERAL OPPOSITION

The Federal Opposition has committed to increasing research and development spending to three percent of GDP by 2020 and reinstating industry innovation funds.

Labor's Shadow Minister For Higher Education, Research, Innovation And Industry, Senator Kim Carr told Biotech Daily that, if elected, a Labor Government would support venture capital and angel investors through tax relief and incentives.

"We will address these issues through economy-wide measures [and] quite specific company support measures," Senator Carr said.

Senator Carr said that Labor would reverse the intended 1.5 percent cut to the Research and Development Tax Incentive, which was before Parliament.

In a speech earlier this month Senator Carr said that a Labor Government would "establish a new agency, Innovate Australia, to guide the work of reconstruction" with an integrated innovation policy to fund schools, universities and Technical and Further Education and forge links between researchers and industry.

The details of Labor's policies are on its website in a document entitled 'Powering Innovation' at <http://www.alp.org.au/poweringininnovation>.

Today, Senator Carr said that Labor would provide \$500 million for a Smart Investment Fund to establish a program for venture capital funds, "building on the lessons of the Innovation Investment Fund abolished by the Abbott-Turnbull Government".

Senator Carr said that Labor's programs would prevent research and development funding going to ordinary business expenses, such as roads to coal mines.

Labor said the Angel Investment Scheme would provide a 50 percent tax offset and shares held for more than three years would be capital gains tax exempt.

Senator Carr said that the cost of the program was restricted to sophisticated investors and Labor had not costed broadening the program to retail investors.

Senator Carr said that Labor's Innovation Investment Partnership would bring together the superannuation, venture capital and start-up sectors "to identify barriers holding back investment in ... venture capital funds and early-stage enterprises".

Labor said that a partial guarantee scheme, Startup Finance, would improve access to finance for start-ups and micro-businesses and Labor would lower the minimum level of investment required for entry Early Stage Venture Capital Limited Partnerships from \$10 million to \$5 million to facilitate increased funding from angel investors.

"We are in the business of building a system-wide approach to innovation which would provide opportunities for those growth industries to develop their capacities," Senator Carr said.

"However the approach that I think is critical is that we look to existing firms as well as new firms," Senator Carr said.

"We've got to find a way to transform this economy firm-by-firm and not leave for dead existing industries which is where the bulk of employment is, in this country," Senator Carr said and gave as an example the potential for the Queensland sugar industry for new energy sources and the potential for bio-diesel

"How do we develop a new approach to allow industry to attract new investment, develop new technologies and provide new jobs?" Senator Carr asked.

Labor's Shadow Health Minister Catherine King said today that her Party supported the Medical Research Future Fund and "made the legislation better".

Ms King said that Health Minister Sussan Ley did not support cuts to the Pharmaceutical Benefits Schedule to fund the MRFF and was still counting that money for the Fund.

"We support the Fund, we want to see it go forward," Ms King said.

"The issue is going to be for the Government, it's made a promises that it's going to be \$20 billion, how it's actually going to get there, it's clear that it's not," Ms King said.

BIOTRON

Biotron says that two compounds of several from its library, sent to an independent US facility for screening, have shown positive activity against the Zika virus, in-vitro.

Biotron said that one compound showed activity in the first round of screening, which was confirmed in repeat assays and in a subsequent round of screening, a second compound showed that it could inhibit replication of Zika virus.

Biotron managing-director Dr Michelle Miller said the “early results are encouraging”.

“They demonstrate the robustness of Biotron’s library of compounds and approach to developing drugs that target serious viral diseases,” Dr Miller said.

“Identification of these active compounds in our library is a starting point for designing potent drugs against Zika,” Dr Miller said.

The company said that Zika virus was spread primarily through the bite of an infected Aedes species mosquito and the most common symptoms were fever, rash, joint pain, and conjunctivitis, which were generally mild in nature.

Biotron said that Zika virus infection during pregnancy was associated with the birth defect microencephaly as well as other severe foetal brain defects.

The company said that Zika virus had been declared a public health emergency, with the outbreaks in Brazil of particular concern in the lead up to the 2016 Olympic Games.

Biotron said that there was no approved vaccine or treatment for the disease.

Biotron was up one cent or 15.6 percent to 7.4 cents with 5.7 million shares traded.

MAYNE PHARMA GROUP

Mayne says it has US Food and Drug Administration approval for Doryx MPC in 60mg and 120mg dose strengths for infections, including adjunctive therapy for severe acne.

Mayne said that the tetracycline-class antimicrobial Doryx MPC (doxycycline hyclate delayed-release tablets) incorporated a modified polymer coat (MPC) designed to further retard the release of doxycycline in the acidic environment of the stomach.

Mayne chief executive officer Scott Richards said the company was “very pleased to announce the approval of Doryx MPC tablets” which incorporated the company’s multi-particulate drug delivery technology.

“Reformulation of existing molecules plays a key role in improving patient compliance and clinical outcomes and we believe dermatologists will appreciate having access to Doryx MPC, which has a modified polymer coat to further delay the release of the active ingredient in the stomach,” Mr Richards said.

Mr Richards said that the Doryx launch was expected by October 2016.

Mayne said that the US Patent and Trademark Office had granted a patent entitled ‘Controlled release doxycycline’ providing intellectual property protection for the new formulation until 2034, it had a notice of allowance for an additional US patent also related to Doryx MPC and it continued to pursue further patent protection.

The company said that acne was the most prevalent skin disease in the US affecting 45 million people of all ages.

Mayne was up eight cents or 5.7 percent to \$1.49 with 11.4 million shares traded.

MGC (MEDICAL GRADE CANNABIS) PHARMACEUTICALS

MGC has requested a trading halt pending an announcement in relation to its application for US approval of its cosmetic products and a distribution agreement for the cosmetics.

Trading will resume on May 25, 2016 or on an earlier announcement.

MGC last traded at 5.2 cents.

[FACTOR THERAPEUTICS \(FORMERLY TISSUE THERAPIES\)](#)

Factor Therapeutics will vote to grant executive director Dr Christian Behrenbruch 3,000,000 options exercisable at 11 cents each by June 30, 2021.

Factor said that 1,000,000 options had no vesting conditions and were part of his employment contract on completing the recent capital raising.

The company said that the subsequent 2,000,000 options were part of the long term investment plan and would vest in three equal tranches on June 30, 2017, 2018 and 2019. Factor said that shareholders would vote to approve the issue of 2,857,142 placement shares to Elk River Holdings, a related party to Dr Behrenbruch, as well 2,857,142 placement shares to chairman Dr Cherrell Hirst.

The meeting will be held at Mc Cullough Robertson, Level 11, Central Plaza Two, 66 Eagle Street, Brisbane on June 29, 2016 at 10.30am (AEST).

Factor was unchanged at 3.5 cents.

[ADMEDUS](#)

Admedus says that managing director and chief executive officer Lee Rodne will resign, effective from June 30, 2016.

Admedus chairman Wayne Paterson thanked Mr Rodne “for his leadership and guidance ... over the past 10 years and we wish him well in his future endeavours”.

The company said that Mr Paterson would act as interim managing director.

In a separate letter to shareholders, Mr Paterson said that the company was “undertaking an intensive review across ... [its] operations with respect to strategy, operations, finances and capital requirements, to ensure that we are optimizing our resources and capitalising on our opportunities”.

“We are seeking to improve short term efficiencies and ensure we have adequate resources to meet our near term commercial objectives,” Mr Paterson said.

The Admedus share price, in post-one-for-10-consolidation values, has been falling from a high of \$1.77 in November 2013 and \$1.62 in August 2014 to 93 cents on July 27, 2015, accelerating to 41 cents on March 1, 2016, following the departure of directors Christopher Catlow, William Rowley and Peter Turvey (BD: Feb 9, 10, 2016).

Admedus fell 2.5 cents or 7.7 percent to 30 cents.

[BIO-MELBOURNE NETWORK](#)

The Bio-Melbourne Network says that Starpharma chief executive officer Dr Jackie Fairley has won its 2016 Women in Leadership Award.

The Network said that the awards to “celebrate, honor and profile outstanding women in the biotechnology, medical technology and health innovation sector” were announced at its annual ‘Connecting Women Lunch’ on Friday, May 20, 2016 by the Governor of Victoria Linda Dessau.

The Network said that the winner of the ‘Most Valuable Women in Leadership’ award went to Swinburne Institute of Technology Innovation Precinct director Prof Sally McArthur and the Emerging Women in Leadership Award was won by Medcorp Technologies’ founder and director Jacqueline Savage.