



Biotech Daily

Friday May 6, 2016

Daily news on ASX-listed biotechnology companies

- * **ASX UP, BIOTECH EVEN: ADMEDUS UP 16%, MESOBLAST DOWN 6%**
- * **FEDERAL GOVERNMENT \$163m FOR 258 ARC PROJECTS**
- * **DIMERIX SHARES \$499k ARC GRANT WITH PERKINS INSTITUTE, UWA**
- * **OBJ DELIVERS 200k SKIN CARE DEVICES TO PROCTOR & GAMBLE**
- * **AVITA RECELL 'REDUCES LONG-TERM SCARRING AND ITCHING'**
- * **ELLEX: 'DATA BACKS AB INTERNO CANALOPLASTY FOR GLAUCOMA'**
- * **WAISMAN MANUFACTURES CYNATA CYP-001 FOR GVHD TRIAL**
- * **MACH7 SIGNS \$650k DEAL WITH UNNAMED US RADIOLOGY GROUP**
- * **ACORN TAKES 7.5% OF FACTOR THERAPEUTICS (TISSUE THERAPIES)**
- * **NARELLE, ANDREW FAY TAKE 10% OF MEDICAL AUSTRALIA**
- * **SIMAVITA LOSES DIRECTOR CRAIG HOLLAND**

MARKET REPORT

The Australian stock market was up 0.24 percent on Friday May 6, 2016 with the ASX200 up 12.9 points to 5,292.0 points. Fifteen of the Biotech Daily Top 40 stocks were up, 15 fell, nine traded unchanged and one was untraded.

Admedus was the best, up five cents or 15.6 percent to 37 cents with 742,797 shares traded, followed by Uscom up 12.5 percent to 22.5 cents with 130,000 shares traded.

Airxpanders climbed 6.5 percent; Benitec and Biotron were up more than four percent; Avita, Living Cell and Polynovo were up more than three percent; Actinogen and Impedimed rose more than two percent; Bionomics, Orthocell and Universal Biosensors were up more than one percent; with Cochlear, Pro Medicus, Resmed and Sirtex up by less than one percent.

Mesoblast led the falls, down 12 cents or 5.7 percent to \$2.00 with 1.2 million shares traded. Compumedics, Genetic Technologies, Opthea, Osprey and Pharmaxis fell more than five percent; Antisense, Factor and Psivida shed more than two percent; Clinuvel, Neuren, Reva and Starpharma were down more than one percent; with CSL, Nanosonics and Viralytics down by less than one percent.

FEDERAL GOVERNMENT, AUSTRALIAN RESEARCH COUNCIL

The Federal Government says that it has allocated \$163 million to fund 258 Australian Research Council projects.

The Minister for Education and Training Simon Birmingham said the funds would allow researchers from 31 universities to collaborate with industry and business to address identity theft, disease strains and farming crop yields.

Mr Birmingham said the grants included 16 Fellowships worth \$44.1 million under the Australian Laureate Fellowships scheme, 231 research projects worth \$81.2 million under the Linkage Projects scheme, five new hubs worth \$15.7 million under the Industrial Transformation Research Hubs scheme and six new centres worth \$22 million under the Industrial Transformation Training Centres scheme.

"The new research projects under the Linkage Projects scheme are also supported by 477 partner organisations where researchers team up with businesses and corporate Australia, think-tanks and other institutions to deliver breakthroughs that solve real-world problems," Mr Birmingham said.

"Those partners have pledged support, cash and in-kind, of \$162.9 million," Mr Birmingham said.

"That represents \$2.01 for every dollar from the Commonwealth and highlights the value of research done at Australian universities and [laboratories]," Mr Birmingham said.

"The 16 Laureate Fellows we've appointed and supported include two Australians returning from overseas and four international researchers, all bringing some of the world's leading thinking to our shores," Mr Birmingham said.

"Our new Research Hubs and Training Centres are poised to be incubators for the next generations of researchers who will learn to view their research and work from the perspective of its end-users, the Australian public and industries," Mr Birmingham said.

"That level of collaboration with industry will ensure research is more responsive to the needs and priorities of our society and economy, a key concept of the Turnbull Government's National Innovation and Science Agenda," Mr Birmingham said.

Full details of the Australia Research Council grants are available at:

<http://www.arc.gov.au/news-media/news/may-2016-arc-grants-announcement>.

DIMERIX

Dimerix says it will share a \$499,000 Australian Research Council Linkage Grant with the Harry Perkins Medical Research Institute and the University of Western Australia.

Dimerix said that the grant, entitled 'Development of Technologies to Monitor Multimolecular Complexes' would be paid over three years and would expedite development of its discovery platform for new applications.

The company said that the University of Western Australia consortium was led by Dimerix chief scientific advisor Prof Kevin Pfleger and the Perkins Institute, working with scientists at the University of Queensland, England's University of Nottingham, instrumentation manufacturer BMG Labtech and reagent supplier Promega and would enable further development of Dimerix's discovery platform.

Dimerix executive chairman Dr James Williams said the funds would "enable Dimerix to engage with leaders in the field, to progress the scientific excellence of its discovery assay potential, as well as routes to commercialization ... [and] further enable Dimerix to make significant progress towards realising the commercial value of its discovery platform".

Dimerix said it had committed \$100,000 research funding to support the project, along with in kind commitments of advice and expertise.

Dimerix was unchanged at 0.7 cents.

OBJ

OBJ says it has delivered the first 200,000 Wave I skin care devices to Proctor & Gamble under two product licencing term sheets.

OBJ said the initial part-delivery of devices would be co-packaged with Proctor & Gamble skincare products prior to distribution through Proctor & Gamble's sales channels.

The company said the first shipment under the newly-executed licencing term sheets was "only the initial stocking volumes in a much larger roll-out plan which will span multiple P&G brands".

Proctor & Gamble SK-II research and development franchise leader Dr Suda Sudarsana said that OBJ "helps us take our skin care experience to a new level by combining our knowledge and expertise in biology and chemistry with OBJ's expertise in diamagnetic and physics, all in pursuit of leveraging science-based innovation to delight our consumers".

OBJ said that the new licencing term sheets, Wave I and Wave II, covered two types of devices developed by OBJ for use across multiple Proctor & Gamble brands.

OBJ was up 1.5 cents or 22.1 percent to 8.3 cents with 9.8 million shares traded.

AVITA MEDICAL

Avita says a UK study has shown that Recell reduces long-term scarring and itching associated with paediatric burn treatment, compared to other treatments.

Avita said the Wakefield, UK-based Pinderfields Hospital Regional Burns Unit evaluated long-term outcomes in 100 paediatric patients with partial thickness scalds, followed for three to four years, and treated with five different treatments: Recell with conventional dressings, Recell with biological dressings, biological dressings, conventional dressings and split-thickness skin grafting.

The company said the retrospective analysis was presented at the American Burn Association meeting in Las Vegas, May 3-6, 2016, by Dr Elliott Cochrane and showed that Recell with biological dressings was the most effective in terms of scar outcomes.

The presentation, entitled 'Comparative Retrospective Analysis of Long-Term Scarring, Dyspigmentation and Itching Outcomes of Partial-Thickness Paediatric Scalds Treated with Conventional Dressings, Biobrane, Recell and Split Skin Grafting at a Regional Burn Centre' is available at <http://bit.ly/1TvhDQX>.

Avita said that patients receiving split-thickness skin grafts had an 80 percent incidence of scarring, reduced to 50 percent in patients treated with biological dressings alone, and to 25 percent for those receiving Recell with conventional dressings, with the lowest incidence of 22 percent observed in those treated with Recell and biological dressings.

Avita said that 18 percent of patients complained of a higher level of itchiness with biological dressings without Recell, compared to 11 percent for Recell with biological dressings and no incidence for Recell with conventional dressings .

The company said that combining biological dressings and Recell was "the optimal wound healing environment" providing reduced patient discomfort as the wound re-epithelialized.

Avita chief executive officer Adam Kelliher said that the results confirmed previously published work by then Clinical Cell Culture, now Recell, founder Prof Fiona Wood "and what burns surgeons routinely using Recell already know, that Recell can outperform alternative treatment options".

"Scarring and itching are constant issues for our patient group and we should always consider that about half of burns in Europe happen to children, who will have to endure these outcomes for life," Mr Kelliher said.

Avita was up half a cent or 3.85 percent to 13.5 cents.

ELLEX MEDICAL LASERS

Ellex says 12-month data for its ab interno canaloplasty minimally invasive glaucoma surgery procedure shows it reduces intraocular pressure and medication dependence. Ellex said that the data would be presented at the American Society of Cataract and Refractive Surgery meeting in New Orleans, May 6 to 9, 2016.

The company said that ab interno canaloplasty could reduce intraocular pressure and medication dependence in glaucoma patients with minimal complications and might offer better outcomes than any other available minimally invasive glaucoma surgery procedure. Ellex said that the ab interno canaloplasty, or Abic, restorative glaucoma surgery used its Itrack micro-catheter to open up all components of the eye's natural outflow system to reduce intra-ocular pressure and medication burden.

The company said that the case series study was undertaken in the US by the University of Oklahoma's Dr Mahmoud Khaimi and the El Paso, Texas-based El Paso Eye Surgeons Dr Mark Gallardo and included 228 eyes with mild-to-moderate glaucoma who underwent Abic either alone or in combination with cataract surgery.

Ellex said that the data for the entire patient cohort showed that at 12 months post-Abic there was a total average decrease of 30 percent in intra-ocular pressure and a 50 percent reduction in medications.

The company said that of 98 patients who underwent Abic as a standalone procedure, there was a total average decrease of 36.74 percent in intra-ocular pressure and a 66.7 percent decrease in medications, with no adverse events or safety issues reported.

Ellex chief executive officer Tom Spurling said the data highlighted "the versatility of Abic". Mr Spurling said that Abic was the only minimally invasive glaucoma surgery procedure indicated for use outside cataract surgery by the US Food and Drug Administration.

"This broadens its clinical application and offers a considerable competitive advantage in the US over other [minimally invasive glaucoma surgery] procedures, which are limited to use in combination with cataract surgery only," Mr Spurling said.

Ellex was unchanged at 80 cents.

CYNATA THERAPEUTICS

Cynata says the Madison, Wisconsin-based Waisman Biomanufacturing has begun production of CYP-001 for its graft-versus-host disease trial (BD: Jan 28, 2016).

Cynata said the trial was expected to begin in "the next few months".

The company said that manufacture of the clinical trial batch of CYP-001 began following the conclusion of a series of good manufacturing practice (GMP) qualification runs conducted multiple times over the past year in a program which determined that product of consistent, high quality could be derived using its Cymerus process.

Cynata said that it had filed a further patent application describing novel aspects of the Cymerus technology, entitled 'Colony forming medium and use thereof'.

The company said that the discovery in the patent would add further value to the Cymerus technology for mesenchymal stem cell therapy.

Cynata's head of product development Dr Kilian Kelly said that production of the clinical trial batch of CYP-001 was "a very important step for Cynata".

"It follows the major achievement last year of transferring the original laboratory process to Waisman and up-scaling it in a GMP environment," Dr Kelly said.

"The product derived from the qualification runs has provided abundant material for the pre-clinical program that has been underway for around 12 months [and] now we will complete that phase with the manufacture of our clinical trial batch," Dr Kelly said

Cynata was up three cents or 8.45 percent to 38.5 cents.

[MACH7 TECHNOLOGIES \(FORMERLY 3D MEDICAL\)](#)

Mach7 says it expects a pilot program of its imaging platform with an unnamed US radiology group will lead to a \$650,000 a year roll-out to all sites within the group. Mach7 said that the pilot program involved working with integration partners on the multi-site installation and validation of more than 30 functional specifications of the enterprise imaging platform and the roll-out to the radiology group's 25 sites would displacing their legacy vendor-neutral archive vendor .

The company said that the unnamed radiology group generated revenue of more than \$US185 million a year.

Mach7 said it would earn a monthly subscription-based fee levied on each study managed by the platform for the next three years, with revenue for the first 12 months about \$650,000.

Mach7 fell 0.2 cents or 3.2 percent to six cents.

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

Acorn Capital says it has become a substantial shareholder in Factor with 54,611,542 shares or 7.54 percent.

The substantial shareholder notice said that the Melbourne-based Acorn acquired the shares between March 21, and April 29, 2016 for \$1,911,404 or an average price of 3.5 cents a share.

Factor fell 0.1 cents or 2.6 percent to 3.7 cents.

[MEDICAL AUSTRALIA](#)

Narelle and Andrew Fay say they have increased their substantial holding in Medical Australia from 8,996,946 shares (8.82%) to 13,599,381 shares (9.94%).

The substantial shareholder notice said the Neutral Bay, Sydney-based Ms and Mr Fay bought and sold shares between December 17, 2013 and May 2, 2016, with the largest trades including the sale of 600,000 shares for \$239,472 or 40 cents a share on January 17, 2014 and the purchase of 2,102,436 shares for \$128,146 or 6.1 cents a share on November 6, 2014.

Medical Australia was untraded at 5.3 cents.

[SIMAVITA](#)

Simavita says that non-executive director and audit and risk committee chairman Craig Holland has resigned effective immediately, "as foreshadowed on April 27, 2016".

In April, Simavita announced major changes including a \$6.4 million capital raising and the replacement of chairman Michael Brown and chief executive officer Philippa Lewis with Michael Spooner as non-executive chairman and Dr Gary Pace as a non-executive director, with the role of chief executive officer or managing director made redundant (BD: Apr 27, 2016).

The company said at that time that directors Craig Holland and Warren Bingham would remain on the board for a transitional period pending the appointment of new directors. Simavita was unchanged at 4.5 cents.