



Biotech Daily

Thursday July 21, 2016

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH UP: ADMEDUS UP 19%; CELLMID DOWN 8%**
- * **NANOSONICS SALES UP 93% TO \$43m, RECORD Q4 SALES**
- * **STARPHARMA SIGNS SKY AND LAND FOR CHINA MANUFACTURE, SALE**
- * **UNIVERSAL BIOSENSORS 'CASH-FLOW POSITIVE THIS YEAR', BUY-OUT**
- * **CYCLOPHARM H1 SALES UP 21% TO \$6m**
- * **USCOM SALES UP 94% TO \$2.6m**
- * **GENETIC SIGNATURES SALES UP 75% TO \$1.8m**
- * **SOMNOMED REVENUE UP 28% TO \$44m**
- * **AUSTRALIAN ETHICAL TAKES 11% OF INNATE**
- * **TIGA TAKES 7% OF OVENTUS, CEO NEIL ANDERSON TAKES 8%**
- * **REGAL FUNDS INCREASES, DILUTED TO 9% OF PRESCIENT**
- * **CORRECTION: COGSTATE REVENUE UP 70% TO \$27m**
- * **CSIRO APPOINTS DR ROB GRENFELL HEALTH, BIOSECURITY DIRECTOR**
- * **RACI DINES ON DEFENCE'S DR FELICIA PRADERA ZOMBIE APOCALYPSE**

MARKET REPORT

The Australian stock market climbed 0.43 percent on Thursday July 21, 2016 with the ASX200 up 23.7 points to 5,512.4 points. Twenty of the Biotech Daily Top 40 stocks were up, 11 fell, eight traded unchanged and one was untraded. All three Big Caps were up.

Admedus was best, up eight cents or 19.05 percent to 50 cents with 3.3 million shares traded. Antisense climbed 15.6 percent; Living Cell rose 11.1 percent; Nanosonics was up 10.2 percent; Uscom rose 6.7 percent; Factor, Genetic Technologies and Universal Biosensors were up five percent or more; Psivida climbed 4.4 percent; Cochlear was up 3.4 percent; IDT, Impedimed and Starpharma rose two percent or more; with Acrux, Actinogen, Biotron, CSL, Ellex, Pharmaxis, Polynovo and Viralytics up more than one percent.

Cellmid led the falls, down 0.3 cents or 8.1 percent to 3.4 cents, with 10.3 million shares traded. Benitec fell 4.2 percent; Bionomics and Oncosil lost more than three percent; Airxpanders and Anteo shed more than two percent; with Avita, Clinuvel, Compumedics and Neuren down more than one percent.

NANOSONICS

Nanosonics says that sales for the 12 months to June 30, 2016 were up 92.8 percent to \$42.8 million, compared to the previous corresponding period.

Nanosonics said that it had record sales of its Trophon EPR probe disinfection system of \$15.1 million in the three months to June 30, 2016, up 25 percent compared to the three months to March 31, 2016.

The company said that Trophon adoption "continued strongly in North America with a third consecutive quarter of 1,000 unit installed base growth achieved" with the total installed base in North America more than 8,700 units.

Nanosonics said that its direct sales force and GE Healthcare "strong performances" and the company posted a second consecutive quarter of positive cash flow.

The company said that cash at the end of the quarter was \$48.8 million, up \$4.6 million from \$44.2 million at the end of the prior quarter.

Nanosonics was up 25 cents or 10.2 percent to \$2.70 with 3.8 million shares traded.

STARPHARMA HOLDINGS

Starpharma says it has an exclusive license and supply agreement with Shenyang Sky and Land Latex Co for the manufacture and sale of Vivagel condoms in China.

Starpharma chief executive officer Dr Jackie Fairley told Biotech Daily that Sky and Land was "a major provider into the three billion condom government market".

"We can't disclose further details at this stage, but we do consider it material," Dr Fairley said.

In a media release, Starpharma said that the agreement followed the signing of a memorandum of understanding last year (BD: Dec 16, 2016).

The company said that Sky and Land was a diversified company that owned and operated a number of condom manufacturing plants in China.

Starpharma said that Sky and Land was "a major provider of condoms to the Chinese Government who provides condoms to its citizens under a number of programs, with an annual requirement of approximately three billion condoms".

The company said it would supply the Vivagel active pharmaceutical ingredient for Sky and Land to manufacture Vivagel condoms under licence specifically for the Chinese Government sector.

Starpharma has a separate licence with the New Jersey-based Ansell which markets the Dual Protect Vivagel condom in Australia (BD: Oct 29, 2014).

The company said that Sky and Land had begun regulatory activities to gain approval for the Vivagel condom in China.

"This new licence in China significantly expands the market opportunity for the Vivagel condom into a market segment not captured by our current licencees," Dr Fairley said.

"The Chinese condom market will grow by nearly 60 percent in the next five years according to Bloomberg analysis, so access to this important market segment is a major commercial development for Starpharma," Dr Fairley said.

"Sky and Land is an ideal Chinese partner for this large market given they have both world-class local manufacturing capabilities and a successful history of supplying condoms to the Chinese Government," Dr Fairley said.

Sky and Land president Bo Yong Xi said it was "very pleased to be partnering with Starpharma and to be able to provide the world-first antiviral Vivagel condom to the Chinese Government and people".

Starpharma was up two cents or 2.8 percent to 73 cents with 1.7 million shares traded.

UNIVERSAL BIOSENSORS

Universal Biosensors acting executive chairman Andrew Denver says he expects the company to be cash-flow positive this year.

Mr Denver told Biotech Daily that with total revenue of \$10.5 million for the six months to June 30, 2016 and reduced expenses, the company's full year report for the 12 months to December 31, 2016 was expected to be cash-flow positive.

Mr Denver told a teleconference that should the company's revenue not exceed the Federal Government's R&D Tax Incentive cap of \$20 million for the year it could receive a payment of about \$3.5 million.

Mr Denver told Biotech Daily that with increasing revenue from Johnson & Johnson for the Lifescan Onetouch Verio test strips, a buy-out clause could be activated "in late 2017 or early 2018".

Universal Biosensors chief financial officer Saleshe Balak said that the company had received \$US29.1 million in cumulative quarterly strip fees at June 30, 2016 and had receiving about \$5 million for the past two quarters.

Mr Balak said that the buy-out would be triggered when the cumulative amount exceeded \$US45 million and Johnson & Johnson could pay 2.0 to 2.2 times the fees earned for the full year in which notice was given.

Mr Denver said that there was significant market potential for the blood glucose test strips. "I'm hoping that Johnson & Johnson does not exercise that buyout because I'd prefer to receive more than \$5 million per quarter than a buyout of \$50 million to \$60 million," Mr Denver said. "The potential upside could be double or triple the current \$20 million a year." Universal Biosensors was up 1.5 cents or 5.2 percent to 30.5 cents.

CYCLOPHARM

Cyclopharm says that Technegas sales for the six months to June 30, 2016 were up 21.1 percent to \$6,148,000 million, compared to the previous corresponding period.

Cyclopharm said that profit before tax and finance costs for the period was up 176.5 percent to \$824,000 compared to the six months to June 30, 2016.

The company said that it had \$6.8 million in cash at June 30, 2016.

Cyclopharm was untraded at \$1.00.

USCOM

Uscom says that sales for the 12 months to June 30, 2016 were up 93.9 percent to \$2,563,145, compared to the previous corresponding period.

Uscom said that receipts from customers for its Uscom 1a ultra-sonic cardiac output monitor for the three months to June 30, 2016 were up 131.8 percent to \$689,816.

The company said that it had \$2,839,773 in cash at June 30, 2016.

Uscom was up two cents or 6.7 percent to 32 cents.

GENETIC SIGNATURES

Genetic Signatures says that sales for the 12 months to June 30, 2016 were up 75 percent to \$1.83 million compared to the previous corresponding period.

Genetic Signatures said that revenue for the three months to June 30, 2016 was up 41 percent to \$495,000.

The company said that it had \$2,562,000 in cash at June 30, 2016.

Genetic Signatures fell four cents or eight percent to 46 cents.

SOMNOMED

Somnomed says that unaudited revenue for the 12 months to June 30, 2016 were up 27.7 percent to \$44 million, compared to the previous corresponding period.

Somnomed said that revenue for its mouth-guard anti-snoring device for the three months to June 30, 2016 was up 28.6 percent to \$11.6 million.

The company said that it had \$17.6 million in cash at June 30, 2016.

Somnomed was up 13 cents or 3.9 percent to \$3.45.

INNATE IMMUNOTHERAPEUTICS

Australian Ethical Investment says it has increased its substantial shareholding in Innate from 15,000,000 shares (9.20%) to 23,064,739 shares (11.06%).

Australian Ethical said it bought and sold shares between January 15, 2014 and July 18, 2016 with the largest acquisitions 4,503,867 shares for \$1,125,967 or 25 cents a share.

Yesterday, Innate said it had raised a total of \$6,626,610 including a rights issue which raised \$3,026,610 at 25 cents a share (BD: Jun 10, Jul 20, 2016).

Innate was up one cent or 2.6 percent to 39 cents.

OVENTUS MEDICAL

The Melbourne-based Tiga Trading says it has become a substantial shareholder in Oventus with 4,880,031 shares (6.78%).

The Tiga notice, signed by secretary Avee Waislitz, said the holders were Thorney Investment Group, Thistle Holdings, Jamahjo Pty Ltd and Jasforce Pty Ltd, with 3,500,000 shares acquired at 50 cents each, the same price as the company's \$12 million initial public offer (BD: Jul 19, 2016).

Oventus eased six cents or 6.3 percent to 89 cents.

OVENTUS MEDICAL

Chief executive officer Neil Anderson says he has become a substantial shareholder in Oventus with 5,698,477 shares (7.78%).

Mr Anderson said that he held the shares as trustee for the Anderson Family Trust and the shares were acquired on September 23, 2015.

PRESCIENT THERAPEUTICS

Regal Funds Management has increased its substantial holding in Prescient from 16,976,352 shares to 18,365,241 shares but has been diluted to 8.78 percent.

The Sydney-based Regal Funds said that it bought 1,388,889 shares at nine cents each and was diluted in the recent \$10.4 capital raising (BD: Jul 12, 2016).

Prescient was up half a cent or five percent to 10.5 cents.

COGSTATE

Last night's edition carried the headline 'Cogstate revenue up 70 percent to \$14 million'.

The company's revenue was up 69.6 percent to \$27.3 million, as reported in the article.

The error was made by the Chief Headlines Editor on a very busy day, but he has had his overtime pay docked and superannuation payment capped.

Cogstate fell eight cents or 11.8 percent to 60 cents.

COMMONWEALTH SCIENTIFIC AND INDUSTRIAL RESEARCH ORGANISATION

The CSIRO says that Dr Rob Grenfell has been appointed Health and Biosecurity director, responsible for public, animal and environmental health and biosecurity.

The CSIRO said that Dr Grenfell would be responsible for its broader health strategy, drawing on its expertise across electronic health, biomedical manufacturing, nutrition and “one health” linking human, animal and environmental health.

CSIRO chief executive officer Dr Larry Marshall said the Organisation’s purpose was “to use science to solve the greatest challenges facing our nation”.

“Few challenges are more important than keeping our people healthy through an effective health system in the face of changing demographics, growing costs, new disease pressures, digital disruption, and increasing societal expectations,” Dr Marshall said.

CSIRO said that Dr Grenfell was a qualified general practitioner and public health physician with about 30 years of public and private sector experience, most recently as healthcare provider Bupa’s medical director, where he was responsible for clinical quality, Bupa’s reconciliation action plan and was involved in the digital innovation laboratory.

CSIRO said that prior to Bupa, Dr Grenfell was the Heart Foundation’s cardiovascular health director, managing the clinical program unit and the Aboriginal health unit.

The Organisation said that Dr Grenfell had been a general practitioner for 13 years.

CSIRO said Dr Grenfell held a Bachelor of Medicine, Bachelor of Surgery from Monash University and was a Fellow of the Australasian Faculty of Public Health Medicine.

ROYAL AUSTRALIAN CHEMICAL INSTITUTE

The Department of Defence’s Dr Felicia Pradera will discuss medical countermeasure capability and capacity at this month’s Royal Australian Chemical Institute dinner.

RACI said that its Bioactive Discovery and Development Group would host the dinner with Dr Pradera who was the Department of Defence’s Medical Countermeasures Consortium program manager.

The Institute said that the title of Dr Pradera’s presentation was ‘Preparedness 101: Countering the Zombie Apocalypse’ and would cover the capability and capacity to support national medical countermeasure development, stakeholder engagement strategies and the establishment of an incubator for preparedness.

RACI said that Dr Pradera facilitated and led collaborative research activities in medical counter-measures with national and international partners and over the last four years had worked with the biotechnology and medical technology community to establish an industry-led medical counter-measures advanced development program.

The Institute said that Dr Pradera was recently seconded to the Defence Materials Technology Centre to lead the incubator program involving industrial and academic engagement in the advanced development of medical counter-measures products.

RACI said that the Bioactive Discovery and Development Group dinners provided “a networking forum for scientists and professionals from industry, research institutes and universities who are involved in all stages of the discovery and development of bioactives”.

The Zombie Apocalypse dinner will be held on July 26, 2016 at the Pumphouse Hotel, 128 Nicholson Street, Fitzroy, at 7pm.

To register, go to <https://www.ivvy.com/event/VBG612/>.