



Biotech Daily

Monday August 29, 2016

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH DOWN: OSPREY UP 11%, GENETIC TECHNO DOWN 18%**
- * **ELLEX REVENUE UP 16% TO \$73m, PROFIT UP 80% TO \$3m**
- * **STARPHARMA REVENUE UP 166% TO \$4.5m, LOSS UP 20% TO \$23m**
- * **GENETIC TECHNOLOGIES REVENUE DOWN 59% TO \$1m, LOSS DOWN 4%**
- * **PHOSPHAGENICS H1 REVENUE UP 34% TO \$1.3m, LOSS DOWN 37%**
- * **CORRECTION: ANTEO**
- * **MEDADVISOR REQUESTS 'MATERIAL ACQUISITION' TRADING HALT**
- * **MGC EGM FOR 170m PLACEMENT, 32.5m DIRECTOR SHARES**
- * **MEDIVAC TO BECOME BRAND TV MEDIA**
- * **MTP APPOINTS DR MARTINEZ-COLL, DR TEWARI, DR THOMSON**
- * **NOVOGEN HIRES DR GORDON HIRSCH, DR PENG LEONG, DAVID CAIN**
- * **AUSBIL DEXIA INCREASES, DILUTED TO 6% OF BIONOMICS**

MARKET REPORT

The Australian stock market fell 0.84 percent on Monday August 29, 2016 with the ASX200 down 46.3 points to 5,469.2 points. Eleven of the Biotech Daily Top 40 stocks were up, 16 fell, 11 were unchanged and two were untraded.

Osprey was the best, up four cents or 11.1 percent to 40 cents with 1.1 million shares traded. Mesoblast climbed 8.2 percent; Starpharma was up 6.5 percent; Benitec and Nanosonics improved four percent or more; Ellex rose 2.7 percent; Admedus, Pro Medicus and Universal Biosensors were up more than one percent; with Impedimed, Resmed and Sirtex up by less than one percent.

Genetic Technologies led the falls, down 0.3 cents or 17.7 percent to 1.4 cents with 3.6 million shares traded. Orthocell fell 9.3 percent; Compumedics and Neuren lost more than six percent; Antisense fell 5.6 percent; Uscom lost 4.6 percent; Anteo and Atcor were down more than three percent; Acrux and Opthea shed more than two percent; Factor Therapeutics, Pharmaxis, Polynovo and Reva were down more than one percent; with Cochlear, CSL, Medical Developments and Viralytics down by less than one percent.

ELLEX MEDICAL LASERS

Ellex says revenue for the 12 months to June 30, 2016 was up 16.3 percent to \$72,913,000 taking the net profit after tax up 80.2 percent to \$3,027,000.

Last year, Ellex reported revenue up 15.3 percent to \$62,679,000 with net profit after tax up 113.2 percent to \$1,680,000 (BD: Aug 27, 2015).

Ellex said that the revenue of \$72.9 million was “again, the highest in the history of the company”.

The company said that “excellent global sales of our treatment laser portfolio, the positive market response to our ab-interno canaloplasty procedure using the Itrack glaucoma surgical device, combined with the lower Australian dollar contributed to the result”.

Ellex said that there was “good growth in all our major sales territories” including Asia with sales up 98 percent “on the strength of demand from China for new ophthalmic hospital facilities”.

The company said that following a loss-making year in Japan in 2015 a 29 percent increase in sales coupled with new product introduction and rejuvenated sales management, Japan made a creditable contribution in 2016.

Ellex said that net tangible asset backing per share was up 42.0 percent to 25.0 cents, diluted earnings per share was up 77.6 percent to 2.77 cents compared to the previous year's 1.56 cents.

The company said it had \$7,283,000 in cash and equivalents at June 30, 2016 compared to \$4,593,000 for the previous corresponding period.

Ellex was up three cents or 2.7 percent to \$1.14.

STARPHARMA HOLDINGS

Starpharma says that revenue for the year to June 30, 2016, was up 166.1 percent to \$4,505,000 with net loss after tax up 19.7 percent to \$22,675,000.

Starpharma said that revenue was predominately of royalty, licencing and customer revenue including a non-refundable signature payment of \$2,869,000 from Astrazeneca under a drug delivery licencing agreement (BD: Sep 7, 2015).

The company said that net tangible asset backing per share was up 22.2 percent to 11.0 cents with diluted loss per share up 16.7 percent to 7.0 cents and it had cash and cash equivalents of \$45,972,000 at June 30, 2016 compared to \$30,848,000 at June 30, 2015. Starpharma was up 4.5 cents or 6.5 percent to 73.5 cents.

GENETIC TECHNOLOGIES

Genetic Technologies says revenue for the 12 months to June 30, 2016 fell 59.0 percent to \$1,187,332, with net loss after tax down 4.0 percent to \$8,458,965.

Genetic Technologies said that \$800,000 of the revenue fall was “directly attributable to the divested heritage [DNA testing] business with the balance of \$400,000 due to a decrease in the overall combined sales of the Brevagen and Brevagenplus tests”.

The company said that net tangible assets per share fell 37.7 percent to 0.66 cents at June 30, 2016, with diluted loss per share down 40.2 percent from 0.82 cents at June 30, 2015 to 0.49 cents at June 30, 2016.

Genetic Technologies said that with cash and equivalents of \$11,179,687 at June 30, 2016 compared to \$18,341,357 at June 30, 2015.

Genetic Technologies fell 0.3 cents or 17.7 percent to 1.4 cents with 3.6 million shares traded.

PHOSPHAGENICS

Phosphagenics says revenue for the six months to June 30, 2016 was up 33.5 percent to \$1,306,000 with net loss after tax down 37.1 percent to \$5,468,000.

Last year, Phosphagenics reported a loss of \$13,900,000, implying this year's loss fell 60.7 percent to \$5,468,000 (BD: Sep 1, 2015).

On Friday, the company said that "during the preparation of the December 31, 2015 financial statements, a discrepancy was noted in the valuation used to calculate the impairment of the intangible assets at June 30, 2015".

"This was updated in the December 31, 2015 financial statements and ... the adjustment was a reduction of \$5,200,000 to the impairment loss," Phosphagenics said.

Phosphagenics chief financial officer Anna Legg told Biotech Daily that the impairment adjustment related to a correction for an error in the value of the purchased patent portfolio.

Phosphagenics said the improved revenue was "attributed to additional royalties and licence fees, specifically upfront payments from the company's partner Terumo Corporation and from the expanded licence agreement with Themis Medicare".

The company said that royalties from sales of products containing tocopheryl phosphate mixture (TPM) increased due to an increased range of products from cosmetic brand Le Métier de Beauté.

Phosphagenics said its diluted loss per share fell 38.6 percent from 0.70 cents at June 30, 2015 to 0.43 cents at June 30, 2016.

Last year, Phosphagenics said its diluted loss per share at June 30, 2015 was 1.06 cents, prior to the impairment adjustment, implying a reduced diluted loss per share of 59.4 percent to 0.43 cents at June 30, 2016.

The company said that net tangible assets per security fell 42.48 percent from 1.72 cents at June 30, 2015 to 0.99 cents at June 30, 2016.

Phosphagenics said it had cash and cash equivalents of \$9,915,000 at June 30, 2016 compared to \$12,395,000 at December 31, 2015.

Phosphagenics rose 0.2 cents or 10.5 percent to 2.1 cents with 3.9 million shares traded.

ANTEO DIAGNOSTICS

Friday night's edition reported Anteo unchanged at 6.2 cents.

In fact Anteo was up 0.3 cents or 4.84 percent to 6.5 cents with 505,392 shares traded.

The error was caused by Commsec Iress unexpectedly providing Chi-X trading data, immediately prior to a total failure of Iress over the weekend.

And Essendon finished the football season with a wooden spoon, again proving the utility or otherwise of Metabolic's AOD9604 (BD: Feb 21, 2007; Nov 7, 21, 2014).

No sub-editors were harmed in making this correction.

Anteo fell 0.2 cents or 3.1 percent to 6.3 cents.

MEDADVISOR

Medadvisor has requested a trading halt "pending the release of an announcement to the market regarding a material acquisition".

Trading will resume on August 31, 2016 or on an earlier announcement.

Medadvisor last traded at 3.6 cents.

MGC (MEDICAL GRADE CANNABIS) PHARMACEUTICALS

MGC will vote to ratify prior placements and issue 32,500,000 “performance rights” to managing director Nativ Segev, chairman Brett Mitchell and director Roby Zomer.

MGC said it proposed to issue 12,500,000 performance rights to Mr Segev with 10,000,000 rights to each of Mr Mitchell and Mr Zomer, at no cost.

The company said that shareholders would vote to ratify the prior placement of 113,636,384 shares and 37,878,840 attaching options along with 56,818,370 priority offer shares and 18,939,540 attaching options.

MGC said that other resolutions included the issue of 35,000,000 options exercisable at 6.5 cents by June 30, 2019 to unspecified “key advisers and consultants in lieu of cash fees”, as well as 321,849 shares to Saki Partners “in lieu of cash for services” and 2,000,000 shares “in lieu of cash for services” to Melbourne-based consultant S3 Consortium Pty Ltd trading as Stocksdigital.

The meeting will be held at Level 7, 1008 Hay Street, Perth, Western Australia on September 27, 2016 at 4pm (AWST).

MGC was unchanged at 4.1 cents with 1.5 million shares traded.

MEDIVAC

Medivac says it has a binding term sheet with Brand TV Media Pty Ltd for a reverse takeover to become an internet video marketing and commercialization vehicle.

Medivac said the change would require shareholder approval, with an extraordinary general meeting proposed for October 21 and December 2, 2016 the target date for completion of the acquisition.

In July, chartered accountants Hall Chadwick says that Medivac creditors had approved a deed of company arrangement (BD: Mar 1, July 19, 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 \$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).

Medivac last traded at 0.3 cents.

MEDICAL TECHNOLOGIES & PHARMACEUTICALS GROWTH CENTRE

MTP Connect says it has appointed Dr Alfredo Martinez-Coll, Dr Sandhya Tewari and Dr Melanie Thomson as general-managers, effective from September 5, 2016.

MTP Connect is a Federal Government initiative “to drive competitiveness and productivity of the sector” (BD: Feb 22, Jul 25, 2016).

MTP chief executive officer Sue MacLeman said the Growth Centre’s aim was to remove roadblocks and bureaucratic barriers as well as duplication of programs and to build “a skills and knowledge base for commercialization”

Today, MTP Connect said that Dr Martinez-Coll had been appointed stake-holder engagement general-manager, based in Sydney, with the Melbourne based Dr Tewari had been appointed international and government general-manager and Dr Thomson had been appointed education, skills and events general-manager.

Ms MacLeman said the roles formed “the pillars of what we seek to achieve” facilitating collaboration through new initiatives, driving education and up-skilling the sector, developing the right environment for growth and commercial outcomes”.

NOVOGEN

Novogen says it has hired Dr Gordon Hirsch as chief medical officer, Dr Peng Leong as chief business officer and David Cain as chemistry and manufacturing director.

Novogen said that Dr Hirsch was formerly Sanofi's regional medical officer and previously worked for Pfizer, Eli Lilly and Co and Takeda Pharmaceutical Co.

The company said that Dr Hirsch held a medical degree from South Africa's University of Witwatersrand and a Masters of Business Administration from Henley Business College in the UK.

Novogen said that Dr Leong was formerly Merck Serono's head of oncology business development and previously worked for Chiron Corp, CIBC World Markets and Piper Jaffray.

The company said that Dr Leong held a Doctorate of Philosophy from the University of Toronto and a Masters of Business Administration from the University of California, Berkeley.

Novogen said that Mr Cain was formerly with Aviragen Therapeutics, previously known as Biota Pharmaceuticals.

Novogen was up half a cent or 4.8 percent to 11 cents.

BIONOMICS

Ausbil Dexia says it has increased its substantial shareholding in Bionomics from 24,000,000 shares to 27,449,999 shares but has been diluted to 5.71 percent.

The substantial shareholder notice said that Ausbil Dexia was an investment manager for a number of institutional investors which were generally superannuation funds.

Ausbil Dexia said the dilution occurred in December 2015 and the notice was a correction (BD: Dec 8, 2015; Jan 22, 2016).

Bionomics was unchanged at 24.5 cents.