



Biotech Daily

Monday September 12, 2016

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH DOWN: PRANA UP 13%, OSPREY DOWN 15%**
- * **MEDICAL DEVELOPMENTS: PURDUE \$3m FOR PENTHROX IN CANADA**
- * **REGENEUS RECEIVES \$3m FEDERAL R&D TAX INCENTIVE**
- * **ADALTA HIRES FUJIFILM FOR AD-114 MANUFACTURE**
- * **US FDA APPROVES NOVOGEN CANTRIXIL OVARIAN CANCER TRIAL**
- * **MEMPHASYS (NUSEP) CONTINUING PRIME, MANUKAN LEGAL ACTION**
- * **INVION RECEIVES \$619k FEDERAL R&D TAX INCENTIVE**
- * **KINETIC TAKES 7% OF OSPREY**
- * **MICHAEL SORENSEN, 'CUSTODIAN NOMINEE' TAKE 19.9% OF BIOXYNE**
- * **MMJ TO RELEASE 8,755,000 ESCROW SHARES**
- * **ONCOSIL TO LOSE DIRECTOR MARTIN ROGERS**
- * **PHYLOGICA PROF PAUL WATT FROM CSO TO DIRECTOR, ADVISOR**

MARKET REPORT

The Australian stock market followed the US down 2.24 percent on Monday September 12, 2016 with the ASX200 down 119.6 points to 5,219.6 points. Three of the Biotech Daily Top 40 companies were up, 29 fell, six traded unchanged and two were untraded. All three Big Caps fell.

Prana was the best of the three, up 1.3 cents or 13.4 percent to 11 cents with 220,187 shares traded, followed by Uscom up 3.8 percent and Opthea up 1.4 percent.

Osprey led the falls, down six cents or 15.0 percent to 34 cents with 287,030 shares traded. IDT lost 12.8 percent; Dimerix eased 11.8 percent; Benitec fell 8.3 percent; Compumedics and Factor Therapeutics were down more than six percent; Avita and Pro Medicus fell more than five percent; Living Cell and Oncosil fell four percent or more; Airxpanders, Anteo, Cellmid and Mesoblast were down more than three percent; Clinuvel, Cochlear, Ellex, Nanosonics, Prima, Reva and Starpharma shed more than two percent; with Acrux, Actinogen, Bionomics, CSL, Impedimed, Medical Developments, Neuren, Pharmaxis, Resmed, Sirtex and Viralytics down more than one percent.

MEDICAL DEVELOPMENTS INTERNATIONAL

Medical Developments says Purdue Pharma will pay up to \$C3 million (\$A3.05 million) to distribute Pentrox in Canada.

Medical Developments said that the Pickering, Ontario-based Purdue would distribute the Pentrox methoxyflurane inhaled analgesic and the payments would comprise in upfront, milestone and success fees.

Purdue chief executive officer Craig Landau said that “subject to regulatory approval by Health Canada, Pentrox will provide Canadian patients and [emergency room] physicians with an important, non-opioid treatment option for medical situations involving acute trauma pain that is moderate to severe in nature”.

“Pentrox nicely complements and will provide additional diversification to our existing analgesic product portfolio,” Mr Landau said.

Medical Developments fell eight cents or 1.4 percent to \$5.52.

REGENEUS

Regeneus says it has received \$2,732,110 from the Australian Tax Office under the Federal Government Research and Development Tax Incentive program.

Regeneus said the rebate related to research and development expenditure for the year to June 30, 2016 and the funds would be used “to progress its regenerative medicine product pipeline and expects that it will be eligible to receive further reimbursement for funds in its [research and development] programs during the financial year 2017”.

Regeneus was unchanged at 14 cents.

ADALTA

Adalta says that Fujifilm Diosynth Biotechnologies will manufacture its lead drug molecule AD-114 for idiopathic pulmonary fibrosis.

Adalta said that Fujifilm would be responsible for process development, formulation and manufacture of AD-114 using its Paveway platform for the production of proteins in bacteria, used in the expression of more than 90 biologics and the materials to be produced at Billingham, UK would be used for animal and toxicology studies.

Adalta chief executive officer Sam Cobb said the Fujifilm contract was “an important step forward in the manufacture of our lead candidate”.

Adalta was unchanged at 25 cents.

NOVOGEN

Novogen says the US Food and Drug Administration has opened its investigational new drug application for a phase I study Cantrixil (TRX-E-002-1) for ovarian cancer.

Novogen chief executive officer Dr James Garner said the company was “grateful to the FDA for their thorough and comprehensive review of our submission and we are pleased to have their approval to move forward with the study”.

“The team is already working alongside Quintiles, our contract research organisation, to make the necessary submissions to human research ethics committees at each of the participating sites and we continue to anticipate initiation of the phase I study in the fourth quarter of 2016, as previously indicated,” Dr Garner said.

Novogen was up 1.5 cents or 15 percent to 11.5 cents.

MEMPHASYS (FORMERLY NUSEP)

Memphasys says it has received a letter of demand from Pulau Manukan Ventures Labuan Ltd relating to Prime Biologics, of which Manukan is the key investor.

Memphasys said the letter demanded it repay within seven days the debt paid by Prime to the third party, A-Bio Pharma Pte Ltd, plus legal costs and interest charges.

The company said that Prime was spun out of the then Nusep in June 2014 to use the technology developed by Nusep for plasma fractionation.

Memphasys said that Prime had "substantial external investment since June 2014, principally from Manukan" and investors received series A preference shares which had voting control, while Memphasys held 95,912 B class non-voting shares in Prime.

Memphasys said that to obtain the B class shares in 2014, it agreed to take over a third party debt to A-Bio on the production facility in Singapore that Prime was using, but did not pay the third party debt which was due to be paid to A-Bio at the end of March 2016.

The company said that initially A-Bio sought payment from Memphasys but subsequently sought payment from Prime, which paid that debt of \$S4,821,623 (\$A4,704,468) on August 31, 2016 and had issued the letter of demand to Memphasys.

Memphasys said the letter demanded the \$S4,821,623 principal, eight percent a year interest, legal fees and costs incurred in settlement of the debt with A-Bio, of \$S120,693.

The company said the debt payment to A-Bio was guaranteed by Prime and the Memphasys' B shares in Prime were held as security for the payment and there were "complex agreements around the debt repayment".

Memphasys said it had separate litigation against Prime over the ownership of the GF100 machine, a key part of Prime's accreditation process, which Prime claimed it owned.

The company said that it had legal advice about its position in relation to the A-Bio debt repayment by Prime and while it "cannot divulge the specific advice, it can report that the value of the B class shares well exceeds the total debt payment that has been demanded".

Memphasys said it was continuing to negotiate with Manukan on a settlement of both legal actions but the timing and outcome were uncertain.

Memphasys was untraded at 0.6 cents.

INVION

Invion says it has received \$619,209 from the Australian Tax Office under the Federal Government Research and Development Tax Incentive program.

Invion said the rebate related to research and development expenditure in Australia and overseas for the year to June 30, 2016.

Invion was unchanged at 0.4 cents.

OSPREY MEDICAL

The Melbourne-based Kinetic Investment Partners says it has increased its holding in Osprey from 11,172,057 shares (5.80%) to 18,418,742 shares (7.25%).

Kinetic said that between August 11 and September 8, 2016 it bought 7,246,685 shares for \$2,029,072 or 28 cents a share.

In August, Osprey raised \$28 million at 28 cents per Chess depositary interest (CDI) and last week raised a further \$1 million in a share plan (BD: Aug 4, Sep 7, 2016).

Kinetic is part of Challenger Financial Services, its principals are Jonathan Findlay, Richard Sharp and Mark Skocic.

Osprey fell six cents or 15 percent to 34 cents.

BIOXYNE

Michael Sorensen, Vig Limited and 'Custodian Nominee Co' say they have acquired 39,868,277 shares (19.9%) in Bioxyne.

Last week, the Sydney-based Ondek Pty Ltd says it has sold its entire 19.9 percent holding in Bioxyne for 1.7 cents a share (BD: Sep 8, 2016).

Last year, Ondek said it acquired 39,868,277 shares (19.9%) in Bioxyne from Fleming SG Capital for 1.3 cents a share (BD: May 20, 2015).

Today, the Auckland, New Zealand-based Mr Sorensen as director of Custodian Nominee Co said the shares were acquired on September 2, 2016 and were held by Custodian Nominee Co and Vig but failed to disclose the price paid, as required by the Corporations Act.

Bioxyne was unchanged at 2.1 cents.

MMJ PHYTOTECH

MMJ says that 8,755,000 shares will be released from voluntary escrow on September 28, 2016.

MMJ said that 62,926,666 securities including shares, performance rights and options remained subject to various escrow restrictions.

MMJ company secretary Erlyn Dale told Biotech Daily that following the release of the 8,755,000 shares from voluntary escrow there would be 129,337,815 shares available for trading of the total on issue of 171,681,147 shares.

MMJ fell half a cent or two percent to 24 cents.

ONCOSIL MEDICAL

Oncosil says that director Martin Rogers will retire at the conclusion of the annual general meeting on October 18, 2016.

On the fourth page of the 14-page notice of annual general meeting in the chairman's letter Dr Roger Aston said: "Martin Rogers has confirmed to the board that he is not standing for re-election at this year's annual general meeting and accordingly his resignation as a director will be effective on conclusion of this meeting.

Oncosil did not state a reason for Mr Rogers departure.

Mr Rogers was formerly the chairman or a director of Prima Biomed, Cellmid and Rhinomed and is currently a director of Actinogen

Oncosil fell half a cent or four percent to 12 cents.

PHYLOGICA

Phylogica says that Prof Paul Watt has retired as chief scientific officer and has been appointed a non-executive director and part-time contract chief scientific advisor.

Phylogica said that Prof Watt had been appointed director of research services and innovation at the Telethon Kids Institute, where its technology was first developed.

The company said that Prof Watt would retain his role as Telethon Kids Institute drug discovery unit head, whose scientists were contracted by Phylogica to carry out its drug discovery research program.

Phylogica fell 0.1 cents or 6.25 percent to 1.5 cents.

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