



# Biotech Daily

Friday September 2, 2016

*Daily news on ASX-listed biotechnology companies*

- \* ASX DOWN, BIOTECH EVEN: COMPUMEDICS UP 7%, USCOM DOWN 10%
- \* AUSBIOTECH, GREENS OPPOSE 'OMNIBUS' R&D CUT, LABOR REVIEW; MRFF
- \* MYGOLGI WINS BIO-MELBOURNE, VICTORIA ADVANCED SCHOLARSHIP
- \* GENETIC SIGNATURES PLACEMENT RAISES \$14m, SHARE PLAN
- \* MACH7 REVENUE UP 1192% TO \$2m, LOSS UP 111% TO \$14.6m
- \* PROCTOR & GAMBLE LAUNCHES OBJ Olay EYE WAND IN CHINA
- \* MGC, EPILEPSY ACTION AUSTRALIA PARTNER FOR TRIALS
- \* CYNATA REQUESTS TRADING HALT
- \* BLUECHIP FILES AUSTRALIAN PATENT FOR OVER-TEMPERATURE CHIP
- \* PETER CORR, INOV8 TAKE 11% OF ANALYTICA
- \* BIOXYNE: GUY ROBERTSON CFO, COO, CO SEC; DR PETER FRENCH
- \* AVEXA APPOINTS MARK SIMARI DIRECTOR
- \* THOMAS LYNCH REPLACES ADHERIUM CHAIR DR DOUG WILSON
- \* ONEVENTURES HIRES DR GRAEME WALD FOR LIFE SCIENCES
- \* MESOBLAST APPOINTS BILL BURNS VICE-CHAIR FOR DEALS
- \* BIO-MELBOURNE 'ADVANCES IN CANCER' BIO-BREAKFAST

## MARKET REPORT

The Australian stock market fell 0.79 percent on Friday September 2, 2016 with the ASX200 down 42.8 points to 5,372.8 points. Sixteen of the Biotech Daily Top 40 stocks were up, 16 fell, seven traded unchanged and one was untraded. All three Big Caps fell.

Compumedics was the best, up four cents or 6.6 percent to 65 cents with 209,068 shares traded. Dimerix climbed five percent; Benitec and Bionomics were up four percent or more; Acrux, Actinogen and Avita improved more than three percent; Neuren rose 2.2 percent; with Living Cell, Orthocell and Polynovo up more than one percent.

Uscom led the falls, down three cents or 10.3 percent to 26 cents with 105,979 shares traded. Atcor and Prana fell more than four percent; Cellmid, Factor Therapeutics, Impedimed, Mesoblast and Oncosil lost more than three percent; Cochlear, CSL, Medical Developments and Resmed shed two percent or more; with Anteo, Clinuvel, Genetic Signatures, Psivida, Reva and Starpharma down more than one percent.

## AUSBIOTECH, FEDERAL GOVERNMENT

Ausbiotech says a cut to the R&D Tax Incentive in the Federal Government's Omnibus Savings Bill puts "Australia's competitive advantage in the life sciences at risk".

The Labor Opposition said that cuts to the Health budget to fund the proposed \$20 billion Medical Research Future Fund were not included in the Omnibus Bill.

A spokesperson for Federal Treasurer Scott Morrison confirmed to Biotech Daily that the 1.5 percent cut to the 45 percent R&D Tax Incentive, first proposed in the 2014 Budget of then Treasurer, Joe Hockey, was included in the Omnibus Bill.

The proposal has been blocked by the Labor Opposition and Greens since its introduction and in the 2016 Election campaign both the ALP Shadow Minister For Higher Education, Research, Innovation And Industry Senator Kim Carr and the Greens Member of the House of Representatives for Melbourne Adam Bandt confirmed their opposition to the cut (BD: May 20, 23, 2016).

Today, a spokesman for Mr Bandt told Biotech Daily that the Greens "will oppose" the proposed cut, but the Labor Party has changed its language to saying it would review the entire Omnibus Bill and make decisions when it had done so.

A spokesman for Shadow Treasurer Chris Bowen told Biotech Daily that "in relation to the savings measures outlined in the Omnibus Bill, like the R&D Tax Offset measure Labor's position will reflect the position we took to the election".

"Labor is currently examining the Omnibus Bill," Mr Bowen's spokesman said.

In a media release, Ausbiotech called for the Government "to release the proposed changes that would result from the recent review of the R&D Tax Incentive, consult with Ausbiotech and consider how these will mitigate or exacerbate the reduction in benefit that is currently proposed in Chapter 22".

Ausbiotech said life science companies were the engine room of innovation, were focussed on research and development and were key beneficiaries of the Tax Incentive.

"Therefore reducing the benefit will have a direct impact on an area of national competitive advantage which has responded with growth, in large part due the effect of the tax incentive," Ausbiotech said.

"The proposal to reduce benefits to research and development engaged companies was originally linked to a promised corporate tax reduction of the same magnitude, thereby effectively neutralising the reduction," Ausbiotech said. "However the corporate tax decrease was not implemented."

Ausbiotech said that Labor had "defended the need to retain the existing R&D tax rebates ... however this position changed in the last election which also contradicted a clear statement of support regarding innovation and entrepreneurs".

Senator Carr called on the Minister for Industry, Innovation and Science Greg Hunt to "release the review of the R&D Tax Incentive and start working constructively with the sector to identify more suitable ways to target the scheme".

"Businesses need certainty and stability to invest in R&D, not mixed messages and empty rhetoric, which is all they are getting from the Liberals," Senator Carr said.

Through an advisor, Shadow Health Minister Catherine King told Biotech Daily that Labor was "working through the details of the Omnibus Savings Bill, including the health measures".

"The Omnibus Savings Bill does not include most of the Government's health cuts, including those that it says will fund the MRFF," Ms King said.

"Quite apart from the Omnibus, the Government remains committed to its six year freeze on Medicare rebates, its cuts to Medicare bulk billing incentives for pathology and diagnostic imaging, slashing the Medicare safety nets, hiking the price of vital medicines by up to \$5, and cutting billions from public hospitals," Ms King said.

## THE BIO-MELBOURNE NETWORK, VICTORIA GOVERNMENT

The Bio-Melbourne Network says that Melbourne health technology start-up Mygolgi has won the 2016 Victoria Government-supported Innovation Showcase Scholarship.

The Network said that Mygolgi had developed a wearable device providing continuous feedback for injury rehabilitation and prevention, with a sensor on the body communicating information about the user's posture, movement and position which could be used to aid rehabilitation and prevention of injury.

The Network said that users had the option of sharing their data with healthcare professionals.

The Bio-Melbourne Network said that the Innovation Showcase Scholarship was sponsored by the Victoria Government and was designed "to give early-stage Victorian medical technology companies the opportunity to establish global industry connections and discover business development and investment opportunities".

The Network said the Scholarship was linked to Advamed, the largest medical technology conference in North America taking place in Minneapolis October 17 to 19 2016.

The Bio-Melbourne Network said that as winners of the 2016 Scholarship, Mygolgi would have their technology featured as an investment opportunity along with other early-stage medical device, diagnostic and digital health companies in the Innovation Showcase at Advamed.

The Network said that the Innovation Showcase Scholarship gave Mygolgi a speaking slot in the Innovation Showcase which was attended by potential investors, along with complementary conference registration valued at \$2,000, access to the strategic investor speed dating event, a dedicated table for one-on-one meetings and invitations to receptions at Advamed 2016.

Bio-Melbourne Network chief executive officer Dr Krystal Evans said that Mygolgi would represent Victoria on the international stage.

"These health tech entrepreneurs have the potential to change lives across the world, helping patients to recover faster by providing personalised health data," Dr Evans said.

Mygolgi co-founder and chief executive officer Mitchell Finlayson said his team was "excited to have this opportunity to be part of the Advamed 2016 Innovation Showcase, and demonstrate how our innovative wearable technology will help people suffering from pain and injury to rehabilitate smarter and faster".

The Bio-Melbourne Network said it was organising a medical technology trade mission with the Victoria Government around the Advamed conference in October 2016.

For more information on Mygolgi or Advamed call Dr Evans on +613 96678181.

## GENETIC SIGNATURES

Genetic Signatures says it raised \$14 million in an over-subscribed placement at 47 cents a share and will offer a share plan for existing investors.

Genetic Signatures said that the funds would be used for "commercial expansion in Australia, the European Union and US, obtaining further regulatory approvals for Genetic Signatures' products, continued product development and working capital purposes".

Genetic Signatures chief executive officer Dr John Melki said the company was "extremely pleased with the strong level of international and domestic support for the placement".

"The funds raised from this placement will enable Genetic Signatures to continue commercial expansion and accelerate our global growth strategy," Dr Melki said.

Genetic Signatures said that shareholders at the record date of September 1, 2016 could apply for parcels of shares up to \$15,000 each in the share purchase plan.

Genetic Signatures fell one cent or two percent to 50 cents.

### MACH7 TECHNOLOGIES (3D MEDICAL)

Mach7 says that revenue for the year to June 30, 2016, was up 1192.4 percent to \$1,859,584 with net loss after tax up 110.8 percent to \$14,563,000.

Mach7 said that the revenue was a combination of receipts from the recently acquired Mach7 medical imaging software business as well as from the three-dimensional medical printing business of 3D Medical.

The company said that its net tangible asset backing per share fell from 0.8 cents to 0.0 cents, with diluted loss per share down 22.2 percent to 2.8 cents.

Mach7 said that it had cash and cash equivalents of \$1,718,511 at June 30, 2016 compared to of \$2,751,420 at June 30, 2015.

Mach7 fell 0.2 cents or 4.9 percent to 3.9 cents.

### OBJ

OBJ says that Proctor and Gamble has launched the Olay Prox Eye Wand product using its magnetic micro-array technology in China.

OBJ said that the device was launched in China in association with the Olay Prox Youth-Activ Eye Restoration Complex.

The company said that the Prox Eye Wand was the first adoption of its magnetic micro-array technology by Proctor and Gambles largest skin care brand and Olay was the second Proctor and Gamble brand to market the OBJ technology.

OBJ said its Eye Wand provided the Youth-Activ Eye Restoration Complex “with a three-fold increase in anti-aging efficacy” and it was hoped this would encourage its adoption by Chinese consumers and help drive the Olay marketing program in China.

The company said that Proctor and Gamble had not revealed its launch plans for other regions, but OBJ was hopeful that the new product would be successful for Olay and become an important part of Proctor and Gamble’s global market growth plans.

OBJ fell 0.2 cents or 2.25 percent to 8.7 cents with 1.6 million shares traded.

### MGC (MEDICAL GRADE CANNABIS) PHARMACEUTICALS

MGC says it has a strategic collaboration with the Sydney-based Epilepsy Action Australia to improve health outcomes for people with epilepsy.

MGC said that Epilepsy Action Australia would facilitate and coordinate research partnerships and assist with the selection of study participants and medical practitioners for a clinical trial into the efficacy of medical cannabis as a potential prevention treatment for epilepsy.

The company said it would be responsible for the provision of the active pharmaceutical ingredient medicinal cannabis materials for the trial and provide industry knowledge and expertise.

The Victoria Government has said it was growing its own marijuana and would conduct clinical trials of medicinal cannabis for paediatric epilepsy (BD: Feb3, Apr 13, 2016).

MGC was up 0.1 cents or 2.5 percent to 4.1 cents with two million shares traded.

### CYNATA THERAPEUTICS

Cynata has requested a trading halt “pending an announcement regarding a commercial partnering transaction with respect to ... [its] Cymerus stem cell technologies.

Trading will resume on September 6, 2016 or on an earlier announcement.

Cynata last traded at 37 cents.

### BLUECHIIP

Bluechiip says it has filed of a provisional Australian patent application for an “over-temperature chip”.

Bluechiip said that the patent, entitled ‘A device, system and method for temperature limit indication and detection of temperature-sensitive items’ was filed with a priority date of August 31, 2016 would provide 20 years protection if granted.

The company said the patent application resulted from its Federal Government co-funded Research-Connections development project with the University of Melbourne’s Centre for Neural Engineering and covered “a new technology which provided a permanent record if a sample’s temperature, once frozen, deviates above an ideal prescribed limit causing damage and potential failure”.

Bluechiip chief executive officer Andrew McLellan said that the “new technology comes after multiple specific requests from end customers ... and has the potential to increase the sales value of Bluechiip’s chip 10-fold”.

Bluechiip said t an over-temperature chip provided a springboard into markets outside bio-preservation, especially into pharmaceuticals and cold chain logistics markets.

Bluechiip was untraded at 2.6 cents.

### ANALYTICA

Inov8 LLC and Peter Corr have increased their substantial holding in Analytica from 202,324,638 (9.34%) to 238,038,923 shares (10.81%).

In a substantial shareholder notice signed by owner and director Peter B Corr, the St Thomas, US Virgin Islands-based Inov8 said the 35,714,285 shares were bought on September 1, 2016 for \$250,000 or 0.7 cents a share.

Analytica was untraded at 0.6 cents.

### BIOXYNE

Bioxyne says Guy Robertson has been appointed chief financial officer chief operating officer and replaces Jarrod White as company secretary.

Bioxyne said Mr Robertson held senior roles within the Jardine Matheson group in Australia and Hong Kong including finance general-manager for Franklins Supermarkets, Colliers Jardine Asia Pacific chief operating officer and chief financial officer and Jardine Lloyd Thompson chief financial officer and New South Wales managing director, was currently a director of Metal Bank and held a Bachelor of Commerce degree.

Bioxyne said that executive director Dr Peter French had been appointed scientific director to focus on the development of product extension from the company’s patented *Lactobacillus fermentum* PCC and on clinical trials.

Bioxyne was up 0.1 cents or 4.35 percent to 2.4 cents with 40.4 million shares traded.

### AVEXA

Avexa says that Paragon Care managing-director Mark Simari has been appointed an independent non-executive director.

Avexa said that Mr Simari had experience as a board member in privately held and ASX listed companies and as Paragon managing-director he was responsible for driving growth strategies including multiple acquisitions, capital raising, strategic and business planning and implementing corporate and organisational restructuring.

Avexa was untraded at 3.8 cents.

## ADHERIUM

Adherium says that Thomas Lynch has been appointed chairman, replacing Dr Doug Wilson who will resign from the board to become part-time medical director.

Adherium said t Mr Lynch had experience of biotechnology and specialty pharmaceuticals and recently resigned as chair of clinical research organisation Icon Plc after 22 years.

The company said Mr Lynch was currently the chair of Evofem Biosciences and Profectus Biosciences, a director of GW Pharma Plc and chair of the Ireland East Hospital Group.

Adherium said that previously Mr Lynch had worked for Elan Corp and Amarin Corp.

Adherium was unchanged at 44.5 cents.

## ONEVENTURES

Oneventures says it has appointment Dr Graeme Wald as a venture partner for life sciences investment.

Oneventures said it had \$170 million of funds under management and chairman Dr Paul Kelly as the major shareholder “played a leading role in securing a \$279 million licencing deal with Dr Reddy’s for [Hatchtech’s] lead product, egg lice treatment Xeglyze ... [which] could return up to \$100 million to Oneventures’ investors”.

The company said that Dr Wald had more than 20 years of biotechnology, pharmaceutical and healthcare investment and research experience, was most recently Bioscience Managers investment director and previously held equity research roles at Wilson HTM, UBS and Merrill Lynch, and was a non-executive director of Nexvet.

Oneventures is a private company.

## MESOBLAST

Mesoblast says it has appointed former Roche Pharmaceuticals chief executive officer William (Bill) Burns as its vice-chairman.

Mr Burns was appointed a Mesoblast director in 2014 (BD Mar 6, 2014).

Today, Mesoblast said that as vice chairman Mr Burns would focus “on activities relating to execution of major strategic partnerships and corporate transactions”.

Mesoblast fell 4.5 cents or 3.3 percent to \$1.31 with 964,784 shares traded.

## THE BIO-MELBOURNE NETWORK

The Bio-Melbourne Network says that it will discuss advances in cancer therapeutics at its September 8, 2016 Bio-Breakfast.

Bio-Melbourne Network chief executive officer Dr Krystal Evans said that “new combinations of therapeutic agents for oncology are delivering positive results for patients and attracting strong interest from global pharmaceutical partners.”

Dr Evans said that the breakfast would review the research and development pipeline for clinical oncology with Viralytics chief executive officer Dr Malcolm McColl and Cancer Therapeutics CRC chief executive officer Dr Warwick Tong.

The Bio-Breakfast will be held at Walter and Eliza Hall Institute of Medical Research, 1G Royal Parade, Parkville on September 8, 2016, with registration from 7:15am, a networking breakfast until presentations from 8am to 9am.

To register go to: <http://bit.do/biobreakfastSept>.

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