



Biotech Daily

Wednesday October 26, 2016

Daily news on ASX-listed biotechnology companies

- * ASX, BIOTECH DOWN: NANOSONICS UP 11%; ORTHOCELL DOWN 12%
- * VICTORIA: 'MONASH, CSIRO WIN REGENERATIVE MEDICINE CENTRE'
- * P&G LICENCES OBJ WAVE II MAGNETIC COSMETICS APPLICATOR
- * NANOSONICS Q1 RECORD SALES UP 174% TO \$18m
- * ACRUX LILLY Q3 AXIRON SALES FALL 6% TO \$51m
- * IMPEDIMED Q1 REVENUE UP 13% TO \$1.7m, LYMPHOEDEMA UP 100%
- * COGSTATE SIGNS CLINICAL INK FOR TABLET-BASED CNS TRIALS
- * CELLMID REQUESTS CAPITAL RAISING TRADING HALT
- * CRESO PHARMA REQUESTS 'EUROPEAN UPDATE' TRADING HALT
- * TBILISI CENTRES APPROVE NOXOPHARM NOX66 CANCER TRIALS
- * JAPAN ACCEPTS OBJ SKINCARE PATENT
- * MGC 4m DIRECTOR DR ROSS WALKER SHARES AGM
- * BLUECHIIP 3m CEO RIGHTS, 1.6m SHARES IN LIEU AGM
- * STARPHARMA 1.1m MORE CEO 'PERFORMANCE RIGHTS' AGM
- * OPTISCAN AGM FOR 19.5m DIRECTOR, 5m UNDERWRITER OPTIONS
- * CHAIRMAN ROBERT FINDER TAKES 6% OF LBT
- * MERCHANT REDUCES TO 11% OF POLYNOVO
- * ROD GIBSON COMPANIES TAKE 11% OF REPRODUCTIVE HEALTH
- * ALVIN BLUMENTHAL, SUBURBAN TAKE 11% OF CRESO, MAYBE

MARKET REPORT

The Australian stock market fell 1.52 percent on Wednesday October 26, 2016 with the ASX200 down 83.0 points to 5,359.8 points. Eleven of the Biotech Daily Top 40 stocks were up, 17 fell, 10 traded unchanged and two were untraded. All three Big Caps fell.

Nanosonics was the best, up 35 cents or 11.4 percent to \$3.42 with 1.8 million shares traded. Compumedics climbed 7.1 percent; Reva was up 4.8 percent; Atcor and Osprey were up more than three percent; Starpharma rose 2.3 percent; Clinuvel, Impedimed and Pro Medicus were up more than one percent; with Ellex and Viralytics were up less than one percent.

Orthocell led the falls, down 5.5 cents or 11.6 percent to 42 cents with 392,255 shares traded. Psivida lost 8.1 percent; Polynovo shed 7.6 percent; Neuren and Factor Therapeutics were down more than six percent; Prana fell 5.8 percent; Benitec was down 4.35 percent; Resmed, Sirtex and Uscom were down more than three percent; Airxpanders and Opthea shed more than two percent; with Admedus, Bionomics, CSL, Genetic Signatures, Medical Developments, Mesoblast and Pharmaxis down more than one percent.

VICTORIA GOVERNMENT

The Victoria Government says that the first Australian node of Canada's Centre for Commercialisation of Regenerative Medicine will be established in Clayton.

The Minister for Small Business, Innovation and Trade Philip Dalidakis announced the establishment of the Centre at the opening of Ausbiotech's Australia Biotech Invest conference.

Mr Dalidakis said that the Centre for Regenerative Medicine would see a collaboration between Monash University and the Commonwealth Scientific and Industrial Research Organisation to establish the Toronto, Canadian-based model.

A spokesperson for Monash University said the Centre would be within the Australian Regenerative Medicine Institute.

Mr Dalidakis said that the goal was "to solve problems in the medical field and improve people's lives".

Referring to Melbourne as comparable to other centres of medical research including Boston Massachusetts, Mr Dalidakis said that "competition is not what drives us - results is."

He said that regenerative medicine hoped to develop to the stage where it could produce organs and limbs and skin regeneration for burns repair.

"We are coming closer to that goal," Mr Dalidakis said.

A media release from Mr Dalidakis office said the Centre would "focus on technology development, company creation and speeding up commercializing regenerative medicine technologies and cell-based therapies to make them available to Victorians, and the world, sooner".

The media release said that the Centre would be a separate entity to the Toronto centre, the two would work with each other and any future international centres, which were being planned for Europe, Japan, Singapore, California and Israel.

Mr Dalidakis said that the addition of the centre to Melbourne's life sciences sector, was "a major win for Victoria to further grow its reputation as Australia's undisputed leader in research and development of medical technologies and pharmaceuticals".

OBJ

OBJ says that Procter & Gamble has agreed licencing terms for the Wave II magnetic array cosmetics applicator device.

OBJ said the two companies had collaborated on the Wave II development over the last two years and the term sheet was the second product in the schedule of the master licence agreement (BD; Aug 8, 2016).

The company said that the first licence term sheet, known as Wave I, was initially launched as the SKII Eye Wand product and later as the Olay Eye Wand and was distributed by Procter & Gamble.

OBJ said that the Wave II also used its magnetic microarray technology and incorporated new features to further enhance performance and user experience.

The company said that details of the licencing term sheet were confidential.

OBJ managing-director Jeff Edwards said that the development program for the Wave II licencing term sheet negotiations and Procter & Gamble's commitment to a family of integrated products was "the culmination of two years' work and is an important step forward in broadening the company's revenue base".

"These new products extend the use of our magnetic microarray technology into increasingly consumer focused products," Mr Edwards said.

OBJ fell 0.3 cents or four percent to 7.2 cents with 2.7 million shares traded.

NANOSONICS

Nanosonics says it had record sales up 173.8 percent to of \$17.8 million for the three months to September 30, 2016 compared to the previous corresponding period.

Nanosonics said that sales were up 17.9 percent compared with \$15.1 million for the three months to June 30, 2016.

The company said that “positive growth momentum in North America continued” where the total installed base grew to more than 9,700 units with the September quarter delivering the fourth consecutive quarter of more than 1,000 units installed.

Nanosonics said that the September quarter “also resulted in the third consecutive quarter of positive cash flow with the cash balance growing to \$53.6 million”.

Nanosonics climbed 35 cents or 11.4 percent to \$3.42 with 1.8 million shares traded.

ACRUX

Acrux says that Eli Lilly’s Axiron sales revenue fell 5.8 percent to \$US39.0 million (\$A50.75 million) for the three months to September 30, 2016, compared to the previous corresponding period.

Acrux said that sales revenue was up 33.1 percent compared to the three months to June 30, 2016.

For the nine months to September 30, 2016, sales revenue was \$US105.3 million down 6.7 percent compared to \$US112.9 million for the nine months to September 30, 2015.

Acrux was unchanged at 33.5 cents with 1.3 million shares traded.

IMPEDIMED

Impedimed says that revenue for the three months to September 30, 2016 was up 13.3 percent to \$1.7 million, compared to the previous corresponding period.

Impedimed said that lymphoedema test sales doubled from \$600,000 for the three months to September 30, 2015 to \$1.2 million the three months to September 30, 2016.

The company said that net operating cash outflow for the quarter was \$6.9 million, with cash receipts from customers of \$1.5 million and cash on hand of \$73.4 million.

Impedimed was up two cents or 1.2 percent to \$1.70.

COGSTATE

Cogstate says that it has signed an agreement with Clinical Ink for a tablet-computer based neuropsychological assessments for central nervous system clinical trials.

Cogstate said that the Winston-Salem, North Carolina-based Clinical Ink was “the leading provider of [electronic-source] and patient engagement technologies

The company said that the alliance allowed the companies to offer clinical trial sponsors a single product that combined Cogstate’s “scientific and adult learning expertise” with the Clinical Ink’s data capture platform.

Cogstate fell 2.5 cents or 2.1 percent to \$1.165.

CELLMID

Cellmid has requested a trading halt pending an announcement “in relation to a proposed capital raising that is material to the company’s business”.

Trading will resume on October 28, 2016 or on an earlier announcement.

Cellmid last traded at 3.3 cents.

CRESO PHARMA

Creso Pharma has requested a trading halt "pending a significant company update in relation to its European operations".

Trading will resume on October 28, 2016, or on an earlier announcement.

Creso last traded at 31.5 cents.

NOXOPHARM

Noxopharm says its phase Ia/Ib studies of NOX66 for cancer has been approved at two clinical sites in Tbilisi, Georgia and are expected to begin by the end of 2016.

Noxopharm previously said it chose Georgia for the progressive phase Ia/Ib/IIa trials "because of the speed with which the study can be recruited, and therefore completed" (BD: Aug 10, 2016).

In August, the company said the study would begin with a phase Ia study of NOX66 alone, a 15-patient phase Ib study of dosage combinations of NOX66 and carboplatin, followed by a phase IIa trial of a specific dosage combination of NOX66 and carboplatin in specific cancer types, in the 15 phase Ib patients, with an additional 20 patients.

Today, Noxopharm said that enrolment would begin once formal approval was received from the Georgian Ministry of Health.

The company said that patients would receive NOX66 in conjunction with carboplatin, starting with three monthly treatments with a low dose of carboplatin, followed by three monthly treatments of a standard dose of carboplatin, and patients would be monitored each three months for tumor response.

Noxopharm said that the study had an adaptive design, meaning that in the event of significant tumor responses after either the low or standard carboplatin dose, the study could be expanded immediately into a phase IIa arm through the recruitment of a further 20 patients.

The company said that patients would have exhausted all standard treatment options so that any further response to carboplatin normally would not be anticipated, and they would include breast, lung, ovary, prostate, head and neck cancer.

Noxopharm said it expected that a meaningful response would be achieved using a lower than normal dosage of carboplatin.

Noxopharm chief executive officer Dr Graham Kelly said the study was "an entirely fresh and unique approach to the problem of how to improve the generally low response rates of different cancers to chemotherapy as well as how to make cancers respond again to chemotherapy once they stop responding".

"The aim is to boost the killing effect of chemotherapy on cancer cells without having any effect on healthy cells and to do this with a dosage of a chemotherapy drug such as carboplatin that should not cause any side-effects," Dr Kelly said.

Noxopharm was up 1.5 cents or 8.1 percent to 20 cents with 1.4 million shares traded.

OBJ

OBJ says the Japan Patent Office has accepted a patent relating to its magnetic microarray technology for use in skincare.

OBJ told Biotech Daily the patent was entitled 'Delivery of skin care products' and provided coverage until June 18, 2031.

Earlier this month the US Patent and Trademark Office granted the same patent as well as one entitled 'Delivery of oral care products' (BD: Oct 13, 2016).

MGC (MEDICAL GRADE CANNABIS) PHARMACEUTICALS

MGC shareholders will vote to issue 4,000,000 'performance rights' to director Dr Ross Walker and set the total directors remuneration at \$250,000, and vote to adopt the remuneration report, re-elect Dr Walker and approve the 10 percent placement capacity. The meeting will be held at Level 7, 1008 Hay Street, Perth, Western Australia on November 29, 2016 at 5pm (AWST).

MGC was unchanged at 4.3 cents with two million shares traded.

BLUECHIIP

Bluechiip will vote to grant chief executive officer Andrew McLellan 3,000,000 'performance rights' and 1,562,500 shares in lieu of his accrued bonus entitlement. Bluechiip said shareholders would vote on participation in the rights shortfall by chairman Iain Kirkwood's Edward Street Consulting Pty Ltd and by director Michael Ohanessian, adopt the remuneration report, approve the 10 percent placement capacity, the performance rights plan, ratify the prior issue of shares and re-elect of Mr Kirkwood. The meeting will be held at Phillips Ormonde Fitzpatrick, Level 16, 333 Collins Street, Melbourne, on November 25, 2016 at 10am (AEDT).

Bluechiip was up 0.4 cents or 13.3 percent to 3.4 cents with 1.2 million shares traded.

STARPHARMA

Starpharma will vote to grant chief executive officer Dr Jackie Fairley 1,100,000 free 'performance rights' valued at \$688,354 pending performance conditions.

The Starpharma annual general meeting notice said that the shares would vest in two tranches on June 30, 2018 and September 30, 2019.

Last year, Starpharma investors overwhelmingly approved the issue of 1,113,246 rights valued at \$675,000, but in 2014, 29.1 percent of votes cast opposed the grant of up to 1,500,000 performance rights (BD: Oct 16, Nov 21, 2014).

Today, the company said that shareholders would also vote on the re-election of director Zita Peach and the remuneration report.

The meeting will be held at the offices of Norton Rose Fulbright, Level 15, RACV Tower, 485 Burke Street, Melbourne on November 29, 2016 at 3pm (AEDT).

Starpharma was up 1.5 cents or 2.3 percent to 67 cents.

OPTISCAN

Optiscan will vote to grant directors 19,500,000 options and underwriter Life Sciences Pty Ltd 5,000,000 options.

Optiscan said that the annual general meeting would vote to approve the grant of 7,500,000 options to chief executive officer Archie Fraser, vesting in five tranches from November 2016 to November 2019 with two tranches exercisable at 2.5 cents and three tranches exercisable at five cents each all expiring three years from vesting.

The company proposed to issue directors Alan Hoffman, Ian Mann, Peter Francis and Dr Ian Griffith 3,000,000 options each on November 28, 2016, exercisable in three tranches at 2.5 cents, five cents and 7.5 cents, respectively, and expiring on November 28, 2019.

Optiscan said shareholders would vote to issue Life Science Pty Ltd 5,000,000 options exercisable at 2.5 cents by June 30, 2018, the re-election of directors Mr Hoffman, Mr Mann, Mr Francis and Dr Griffiths, ratify loan and extension fee shares, the prior issue of shares, the conversion of a loan to equity and the placement facility.

The meeting will be held at the Kulin Room, Novotel Hotel, 285 Springvale Road, Geln Waverley, on November 25, 2016 at 3pm (AEDT).

Optiscan fell 0.6 cents or 12.2 percent to 4.3 cents.

LBT INNOVATIONS

The Adelaide-based LBT chairman Robert Finder says he has become a substantial shareholder in the company with 6,130,304 shares or 5.22 percent.

Mr Finder said he acquired 750,000 shares for \$150,000 or 20 cents a share on October 20, 2016, through the exercise of options.

On October 10, the US Food and Drug Administration clearance LBT's automated plate assessment system (APAS) and the company share price jumped from 19 cents to 37 cents, closing the week up 357.9 percent to 87 cents (BD: Oct 10, 14, 2016).

Today, Mr Finder said the shares were held by Sheryl Finder and The Sherrob9 Fund. LBT fell two cents or three percent to 64 cents with 2.1 million shares traded.

POLYNOVO

Merchant Funds Management has reduced its substantial share-holding in Polynovo from 69,870,225 shares (12.50%) to 62,897,664 shares (11.19%).

The Perth, Western Australia-based Merchant Capital said that between May 19 and June 27 it bought shares and between July 21 and October 25, 2016 it sold shares, with the single largest sale 2,806,876 shares for \$783,331 or 27.9 cents a share.

In May, Merchant Capital it bought and sold shares between December 2015 and May 2016, with the single largest trade, the purchase of 5,575,000 shares for \$1,561,000 or 28 cents a share (BD: May 19, 2016)

Polynovo fell 2.5 cents or 7.6 percent to 30.5 cents with 1.2 million shares traded.

REPRODUCTIVE HEALTH SCIENCE

Rod Gibson says that two of his companies have increased their holding in Reproductive Health from 3,700,000 shares (7.965%) to 9,000,000 shares (11.36%).

The Redesdale, Victoria-based Mr Gibson said that Rosherville and Endeavour River bought the 5,300,000 shares in the recent placement at 7.5 cents a share.

Reproductive Health fell 0.2 cents or 2.7 percent to 7.3 cents.

CRESO PHARMA

Suburban Holdings Pty Ltd says it has become substantial in itself with 6,500,000 shares or 11.26 percent.

The initial substantial holder notice, signed by Alvin Blumenthal of Rose Bay, Sydney, was published on marijuana food additive company Creso Pharma's ASX website about the same time as five initial directors interest notices, including one from Adam Blumenthal who said he held "one fully paid share (subject to 24 months escrow)".

Mr Adam Blumenthal's notice said that he held 1,750,000 shares subject to escrow and 3,000,000 performance rights subject to vesting conditions, through Anglo Australasia Holdings Pty Ltd, of which he was a director.

Mr Alvin Blumenthal said that Suburban Holdings Pty Ltd for the Suburban Super Fund, acquired 5,250,000 shares on February 22 and April 12 for \$140,000 or 2.7 cents a share and on October 18 bought 1,250,000 for \$250,000 or 20 cents a share, the same price as Creso's initial public offer which raised \$5 million to list on the ASX (BD: Oct 25, 2016).