



# Biotech Daily

Thursday February 23, 2017

*Daily news on ASX-listed biotechnology companies*

- \* ASX, BIOTECH DOWN: AVITA, USCOM UP 9.5%, FACTOR THERAPEUTICS DOWN 7%
- \* PHARMAXIS COMPLETES US BRONCHITOL CYSTIC FIBROSIS TREATMENT
- \* POLYNOVO BTM TREATS 1<sup>st</sup> US TRAUMA PATIENT
- \* UK NETWORK RAIL ADOPTS DORSAVI VISAFE
- \* ATCOR 3-YEAR SPHYGMOCOR DEAL WITH EMORY UNIVERSITY, HEALTHCARE
- \* HARVEST ONE RAISES \$32.5m FOR MMJ'S UNITED GREENERIES, SATIPHARM
- \* CHAIR ALISON COUTTS LENDS MEMPHASYS \$300k, \$200k LINE-OF-CREDIT
- \* ALLEGRA H1 REVENUE UP 7.5% TO \$2.6m, LOSS TO \$179k PROFIT; \$1m RIGHTS
- \* SOMNOMED H1 REVENUE UP 27% TO \$21m, PROFIT UP 199% TO \$178.5k
- \* RHINOMED H1 REVENUE UP 133% TO \$1.2m, LOSS DOWN 51% TO \$1.4m
- \* COGSTATE H1 REVENUE UP 43% TO \$19m, PROFIT DOWN 62% TO \$1m
- \* RECCE DROPS CANCER; FOCUS ON DRUG-RESISTANT BACTERIA, VIRUSES
- \* INVITROCUE, GARVAN WORK ON PERSONALIZED CANCER DRUG SCREENING
- \* ANTISENSE ATL1103 TO BE NAMED ATESIDORSEN
- \* ESENSE TERPENE PROFILES '30% HIGHER COUNTS'
- \* FIL TAKES 7% OF RESAPP
- \* BIOTECH CAPITAL APPOINTS OSKAR HAKANSSON FOR IN-LICENCING
- \* ADHERIUM APPOINTS ERIN WANSBROUGH FOR BUSINESS DEVELOPMENT

## MARKET REPORT

The Australian stock market fell 0.35 percent on Thursday February 23, 2017 with the ASX200 down 20.4 points to 5,784.7 points. Fifteen of the Biotech Daily Top 40 stocks were up, 17 fell, six traded unchanged and two were untraded.

Avita and Uscom were both up 9.5 percent to 11.5 cents and 23 cents, respectively, with 311,994 shares and 56,236 shares traded, respectively. Ellex, Psivida and Sirtex rose four percent or more; Actinogen was up 3.3 percent; Anteo and Osprey were up more than two percent; with Airxpanders, Living Cell, Oncosil and Polynovo up more than one percent.

Factor Therapeutics led the falls, down 0.5 cents or 7.25 percent to 6.4 cents with 828,826 shares traded. Benitec, Nanosonics and Prana lost more than five percent; Impedimed and Neuren fell more than four percent; Admedus, IDT and Opthea shed more than three percent; with Cellmid, Prima and Medical Developments down more than two percent.

## PHARMAXIS

Pharmaxis says it has concluded treatment of the last of 423 patients in its US Food and Drug Administration-directed phase III trial of Bronchitol for cystic fibrosis.

Pharmaxis said that top-line results were expected by July 2017 and subject to a positive outcome, a response will be submitted to the FDA, with a decision expected by July 2018.

The company said that the 26-week, randomized, double-blind, parallel group trial of Bronchitol twice daily for cystic fibrosis patients aged 18 years and over was assessing improvements in lung function, pulmonary exacerbations and safety.

Pharmaxis said the trial was supported by Parma, Italy-based partner Chiesi Farmaceutici SpA, which funded \$US22 million of the expected total \$US26 million trial costs and was responsible for completing the new drug application with the FDA.

The company said that subject to US approval, Bronchitol would be sold as part of Chiesi's cystic fibrosis portfolio, with milestones totalling up to \$US25 million payable including \$US10 million on the launch of Bronchitol.

Pharmaxis said it would manufacture Bronchitol in Australia for Chiesi and retain "a high teens" percent share of sales revenue as its margin.

Pharmaxis chief executive officer Gary Phillips said that treating "more than 400 participants at 126 sites in 21 countries ... is a very significant milestone".

The company said Bronchitol was approved for patients aged over six years in Australia and Russia and for patients aged 18 years and over in the European Union and Israel.

Pharmaxis was unchanged at 28.5 cents.

## POLYNOVO

Polynovo says its first US patient has been treated with its biodegradable temporising matrix (BTM) wound treatment.

Polynovo said the patient's injury left the forearm and upper part of the hand de-gloved, or with the skin removed, exposing the tendons, risking loss of function in the hand.

The company said that the BTM "should ensure full function of the hand once healed".

Polynovo said its sales team worked closely with the surgical team and surgeon said that BTM was significantly easier to handle and apply than other products she previously used.

Polynovo chief executive officer Paul Brennan said it was "significant that the first case is a complex trauma injury".

"We have previously demonstrated the BTM's effectiveness in covering tendons and bone," Mr Brennan said.

Polynovo was up half a cent or 1.85 percent to 27.5 cents.

## DORSAVI

Dorsavi says the UK's Network Rail will use its Visafe wearable sensors to better understand work undertaken by its overhead contact and track maintenance teams.

Dorsavi said that Network Rail was contracted to maintain and manage the track, infrastructure and three main stations along the route from the Channel Tunnel to St Pancras and placed "great focus on the safety and welfare of its workforce".

The company said that Network Rail introduced the Visafe technology to measure the stress and strain undertaken by its track and overhead contact system teams.

Dorsavi said it was the second UK rail network to use Visafe with Transport for London, the operator of the London Underground, undertaking multiple assessments to identify manual handling tasks contributing to increased risk of musculo-skeletal injury.

Dorsavi was up 1.5 cents or 3.9 percent to 40 cents.

### ATCOR MEDICAL

Atcor says it has a three-year network agreement with the Atlanta, Georgia-based Emory University and Emory Healthcare to provide Sphygmocor systems.

Atcor said that up to 40 Sphygmocor systems to measure central blood pressure and arterial stiffness would be placed during the first 18 months.

The company said that the Emory Healthcare network included six hospitals, 258 specialty care and 109 primary care locations.

Atcor was unchanged at seven cents.

### MMJ PHYTOTECH

MMJ says that Harvest One Capital has raised \$C25,000,500 (\$A32,512,171) in its placement to acquire MMJ's United Greeneries and Satipharm AG.

MMJ said that the placement at 75 Canadian cents a share was through a syndicate of agents led by Mackie Research Capital Corp, including Canaccord Genuity, Eight Capital and GMP Securities.

MMJ said its shareholders would have 60 percent ownership of Harvest One.

MMJ fell one cent or 2.9 percent to 34 cents with 3.9 million shares traded.

### MEMPHASYS

Memphasys says it has an "arm's length" one-year loan of \$300,000 from executive chair Alison Coutts and the company would apply to the ASX for a waiver for securing the loan. The company said that the loan carried an interest rate of 10 percent per annum.

Memphasys said that Ms Coutts offered further funding through a line-of-credit of up to \$200,000 for a period of 12 months on similar terms, to supplement other capital that will be provided through future capital raising activities.

The company said that it was working on a funding plan and would announce the plans when finalized.

Memphasys fell 0.1 cents or 20 percent to 0.4 cents with 1.5 million shares traded.

### ALLEGRA ORTHOPAEDICS

Allegra says that revenue for the six months to December 31, 2016 was up 7.5 percent to \$2,650,671 with last year's \$1,151,285 loss, turned to a \$179,277 net profit after tax.

Allegra said its focus on improving sales and distribution of its medical device implants resulted in returning to profitable trading and commercialization of the Sr-HT-Gahnite bone substitute was showing encouraging results (BD: Feb 10, 2017).

The company said that as a result of progress on the bone substitute program it would offer a two-for-15 rights issue at 12.5 cents a share to raise up to \$1,219,003, along with an employee option plan for up to 6,000,000 options exercisable at the greater of 12.5 cents or 80 percent of its 90-day volume-weighted average price.

Allegra said the rights issue record date would be March 14, the offer would open on March 17 and close on April 7, 2017.

The company said that last year's diluted loss per share of 1.81 cents, turned to a 0.28 cents diluted earnings per share for the six months to December 31, 2016, while net tangible assets per share fell 10.1 percent to 3.99 cents at December 31, 2016.

The company said it had cash and cash equivalents of \$1,075,133 at December 31, 2016, compared to \$829,898 at December 31, 2015.

Allegra fell one cent or 4.3 percent to 22.5 cents.

### SOMNOMED

Somnomed says revenue for the six months to December 31, 2016, was up 11.6 percent to \$23,855,885, taking its previous net profit after tax to an \$810,826 loss.

Somnomed said the acquisition of Renew Sleep Services had a loss of \$963,000.

The company said diluted earnings per share of 0.35 cents turned to a loss of 1.13 cents per share for the six months to December 31, 2016, with net tangible asset backing per share up 68.6 percent to 40.07 cents and cash and equivalents of \$16,712,880.

Somnomed was unchanged at \$3.19.

### RHINOMED

Rhinomed says revenue for the six months to December 31, 2016, was up 132.6 percent to \$1,214,453, with net loss after tax down 51.4 percent to \$1,353,352.

Rhinomed chief executive officer Michael Johnson told Biotech Daily that 12 months ago the nasal plugs for snoring and improving air intake of athletes were available at 900 shops worldwide, but today they were available at more than 3,000 shops globally and he had targeted 13,000 shops by June 30, 2017.

Mr Johnson said that 90 percent of sales were for anti-snoring and he was pleased that apart from word-of-mouth and advertising, the devices were being supported by doctors. The company said that net tangible assets per share was down 4.2 percent to 0.23 cents, with diluted loss per share down 64.6 percent to 0.17 cents at December 31, 2016 compared to 0.48 cents for the previous corresponding period and cash and cash equivalents of \$800,086 compared to \$1,085,772 at December 31, 2015.

Rhinomed was unchanged at 1.5 cents.

### COGSTATE

Cogstate says revenue for the six months to December 31, 2016, was up 42.6 percent to \$18,570,060, with net profit after tax down 62.2 percent to \$966,417.

Cogstate said that revenue from cognitive testing services to clinical trials increased by \$5,553,168 to \$18,533,709, but cost of sales increased by \$2,511,001 to \$8,054,454, with employee expenses up \$2,200,906 to \$6,579,308.

The company said that net tangible assets per share was up 22.2 percent to 11.0 cents, with diluted earnings per share down 65.2 percent to 0.8 cents and the company had cash and cash equivalents of \$11,212,088 compared to \$5,089,974 at December 31, 2015.

Cogstate was up one cent or 0.9 percent to \$1.15.

### RECCE

Recce says it will halt its anti-cancer program and focus on commercializing Recce 327 for drug-resistant bacteria and viruses.

Recce said the decision was made as a patent family relating to its technology aimed at drug resistant bacteria and viruses, had advanced from provisional to a patent pending status across all jurisdictions party to the International Patent Cooperation Treaty (PCT).

The company said the patent family was filed in a PCT application relating to using an anti-viral agent and methods for treatment of viral infection.

Recce executive chairman Dr Graham Melrose said that with "good in-vivo and in-vitro results for our synthetic antibiotic and anti-viral program, we will focus on our three patent families for treatment of bacterial and viral infection relating to superbug germs".

Recce was up one cent or 4.35 percent to 24 cents.

### INVITROCUE

Invitrocue says it has signed a collaborative research master agreement with the Garvan Institute of Medical Research.

Invitrocue said the collaboration's aim was to provide further medical validation of its cell-based three-dimensional scaffolding technology (Onco-PDO) to culture colorectal cancer organoids for use in personalized real time screening of cancer drugs (BD: May 13, 2016). The company said the parties might "consider entering into an agreement to offer the technology as a clinical service".

Invitrocue fell two cents or 20 percent to eight cents.

### ANTISENSE THERAPEUTICS

Antisense says that the World Health Organization has published the proposed international non-proprietary, or generic, name atesidorsen for its ATL1103.

Antisense said the initial application for the name was made by Cortendo AB, formerly Strongbridge Biopharma, at their cost as a step towards the commercialization of the drug. Last year, Strongbridge paid \$1,000,000 and returned 15,025,075 shares for the termination of the ATL1103 licence for endocrinology applications, including acromegaly, citing its "cash position" (BD: Mar 9, Apr 28, 2016).

Today Antisense said that there was a four month public comment period and if no objections were received the name would be published in the Recommended INN list and once listed, the company could use the name without risk of it being changed.

Antisense fell 0.4 cents or 10.3 percent to 3.5 cents.

### ESENSE-LAB

Esense says its plant profiling technology reconstructs terpene profiles at 30 percent higher counts than current commercially available methods.

Esense said that the profiles were used to reverse engineer and reconstruct the terpene profile of that plant, using alternate natural sources, in a more cost effective and sustainable way.

The company said that terpenes were naturally occurring compounds classified as phytochemicals which were responsible for the flavor and fragrance of plants and had "many health benefits".

Esense chief executive officer Haim Cohen said the development "gives our company a key competitive advantage".

Esense fell 1.5 cents or 5.4 percent to 26.5 cents.

### RESAPP

FIL Limited says it has increased its substantial holding in Resapp from 39,977,684 shares (6.15%) to 47,331,079 shares (7.18%)

The Hong Kong, London and Sydney-based FIL said it bought the shares between and September 7, 2016 and February 20, 2017, at prices ranging from 33 cents and 49 cents. Resapp was unchanged at 34.5 cents.

## BIOTECH CAPITAL

Biotech Capital says that subsidiary Bioimpact has appointed Oskar Hakansson as its business development director to lead in-licencing activities.

Biotech Capital said that Mr Hakansson had more than 25 years experience in the pharmaceutical industry with experience in product commercialization, mergers, acquisitions, pipeline development, global product sourcing and portfolio development. The company said that Mr Hakansson was formerly head of Cipla Pharmaceuticals Australia and New Zealand and prior to that worked for Symbion Pharmacy Services and Sigma Pharmaceuticals.

Biotech Capital said it was “pursuing opportunities to in-licence or acquire the rights to novel pharmaceutical therapies and medical devices”.

Biotech Capital was untraded at 11 cents.

## ADHERIUM

Adherium says it has appointed Erin Wansbrough as head of business development for markets outside North America and Europe, based in Auckland, New Zealand.

Adherium said that Ms Wansbrough had worked in pharmaceuticals, healthcare, biotechnology, and information and communication technologies for more than 16 years. The company said that Ms Wansbrough previously worked for Life Technologies in New Zealand as well as in sales for Astrazeneca and Glaxosmithkline before joining Genesis Research and Development Corp as business development manager and most recently was with Callaghan Innovation.

Adherium fell half a cent or 2.7 percent to 18 cents.