



Biotech Daily

Tuesday April 11, 2017

Daily news on ASX-listed biotechnology companies

- * **ASX UP, BIOTECH DOWN: MESOBLAST UP 10.5%, CELLMID DOWN 6%**
- * **CYNATA TRIALS STEM CELLS FOR RESPIRATORY DISTRESS IN SHEEP**
- * **HAYWARD INJUNCTION DELAYS SIRTEX \$30m BUY-BACK, AGAIN**
- * **MEDADVISOR EARNS \$1.55m IN Q3**
- * **CRESO \$1m SHARE PLAN 4 TIMES OVERSUBSCRIBED; TOTAL \$9m**
- * **BIOTRON INITIATES CHIANG MAI 2nd SITE FOR BIT225 HIV TRIAL**
- * **ANTEO FILES 2nd BATTERY PATENT**
- * **EPAT DEMONSTRATES APPLE-COMPATIBLE PAIN APPLICATION**
- * **YARRA FUNDS BACK ABOVE 5% OF MAYNE PHARMA**
- * **WEBINVEST, OTTO BUTTULA REDUCE TO 6% OF ONCOSIL**

MARKET REPORT

The Australian stock market was up 0.28 percent on Tuesday April 11, 2017 with the ASX200 up 16.4 points to 5,929.3 points. Ten of the Biotech Daily Top 40 stocks were up, 19 fell, nine traded unchanged and two were untraded.

Mesoblast was the best, up 28 cents or 10.5 percent to \$2.95 with 1.9 million shares traded.

Osprey climbed 8.05 percent; Reva improved five percent; Uscom was up 4.55 percent; Actinogen and Viralytics rose more than two percent; Neuren and Universal Biosensors were up more than one percent; with Cochlear, CSL, Ellex and Psivida up by less than one percent.

Cellmid led the falls, down 0.2 cents or 6.25 percent to three cents with 3.5 million shares traded, followed by Pro Medicus down 6.1 percent to \$5.35 with 122,241 shares traded.

Benitec, ITL and Orthocell fell five percent or more; Oncosil and Opthea lost four percent or more; Compumedics, Factor Therapeutics and Polynovo were down three percent or more; Airxanders, Atcor, Clinuvel, Medical Developments and Prana shed one percent or more; with Impedimed, Nanosonics, Sirtex and Starpharma down less than one percent.

CYNATA THERAPEUTICS

Cynata says that with researchers at Brisbane's Prince Charles Hospital it will investigate its Cymerus stem cells for acute respiratory distress syndrome in 37 sheep.

Cynata said it would work with the Hospital's critical care research group on the project, led by Prof John Fraser, using its mesenchymal stem cells with "extra-corporeal membrane oxygenation" which circulated blood through an artificial lung, oxygenating the blood before returning it to the bloodstream of a patient.

The company said that the research, funded by the Queensland State Government, the National Health and Medical Research Council, the Intensive Care Society UK and the Prince Charles Hospital Foundation, would seek to determine if Cymerus stem cells improved oxygenation in sheep with acute respiratory distress syndrome (ARDS) supported by extra-corporeal membrane oxygenation, and to evaluate the effects on lung mechanics, blood flow, inflammation and lung injury, as well as safety.

Cynata said that an additional objective was to determine the optimum method of delivering the cells.

The company said that if the sheep trial was successful, the data would support progression to a clinical trial of the Cymerus stem cells in humans with ARDS undergoing extra-corporeal membrane oxygenation.

Cynata said that ARDS was an inflammatory process leading to build-up of fluid in the lungs and respiratory failure, which could occur due to a range of insults, including infection, trauma and inhalation of noxious substances.

The company said that ARDS commonly occurred in previously healthy individuals, affected about 275,000 patients a year in the US alone, accounted for about 10 percent of all intensive care unit admissions and almost 25 percent of patients requiring mechanical ventilation, with a hospital mortality of 35 to 46 percent and survivors often left with severe long term illness and disability.

Cynata said that extra-corporeal membrane oxygenation (Ecmo) was "a valuable treatment adjunct to support the vital organs in patients with severe ARDS" providing short-to-medium term mechanical pulmonary support, but was not a treatment for ARDS and the mortality among patients supported was high.

The company said that stem cell therapy attracted attention as a possible treatment for ARDS due to the ability of stem cells to reduce inflammation, enhance clearance of pathogens and stimulate tissue repair.

Cynata said that the combining extracorporeal life support and cell therapy in critical illness (Celtic) sheep study would be led by Prof Fraser and include investigators from Queen's University Belfast, Queensland University of Technology, the Australian Red Cross and Imperial College London.

Prof Fraser said he was "very optimistic about the potential benefit that [mesenchymal stem cell] therapy can bring to these critically ill patients and this study in combination with [extra-corporeal membrane oxygenation] is a crucial step towards clinical trials".

"We are delighted that Cynata has joined this collaborative project," Prof Fraser said.

"Their manufacturing process has the potential to overcome some of the challenges that we have previously identified with donor-derived [mesenchymal stem cells] including batch-to-batch inconsistency and problems with scalability, so we look forward to evaluating their cells in our model," Prof Fraser said.

Cynata head of product development Dr Kilian Kelly said that "the collaboration adds to our existing pre-clinical program for the treatment of asthma with the Monash Lung Biology Network and expands our position in the lung disease area".

Cynata was up five cents or 10.4 percent to 53 cents.

SIRTEX MEDICAL

Sirtex says its proposed \$30 million, 2,000,000 share buy-back has been delayed again pending the Federal Court of Australia's decision on an injunction.

Last month Sirtex said it again delayed the start of the share buy-back to April 17, instead of March 27, 2017 "to allow sufficient time to respond to a threatened injunction as more fully detailed in the ASX release dated March 2, 2017" (BD: Mar 2, 13, 2017).

In February, Sirtex said it received a draft statement of claim from Todd Hayward who acquired 340 Sirtex shares for \$9,449 on December 1, 2016 and held them when the company's share price fell following a profit warning by former chief executive officer Gilman Wong, followed by Mr Wong's dismissal (BD: Dec 9, 2016; Feb 1, 13, 2017).

Sirtex said in February that the correspondence threatened an injunction to stop the share buyback, "on the basis he alleges that the implementation of the share buyback will materially prejudice Sirtex's ability to satisfy any liability arising in respect of the claims" and it would delay the buy-back from March 9 to March 27, 2017, while it addressed the allegation.

Today, the company said that the Federal Court of Australia injunction hearing was expected to take place on May 26, 2017.

Sirtex said that if the injunction was not successful it would begin its buy-back following the release of major clinical data at the American Society of Clinical Oncology meeting in June 2 to 6, 2017, in Chicago, Illinois.

The company said it had filed a stay application in relation to the previously announced class action, which was listed for hearing on August 15 and 16, 2017.

Sirtex fell 14 cents or 0.8 percent to \$17.44 with 175,220 shares traded.

MEDADVISOR

Medadvisor says that operating receipts for the three months to March 31, 2017 were up 17.4 percent to \$1,549,000 compared to the three months to December 31, 2016.

Medadvisor said that the total number of patients on its books rose 12.7 percent to 710,000 people, with the number of contracted pharmacies up 14.0 percent to 285, with the total number of tap-to-fill prescriptions ordered up about 20 percent to \$3 million a week.

The company said it had cash of \$5.75 million at March 31, 2017, compared to \$5.9 million at December 31, 2016 and it expected revenue to increase "and head towards a cash flow breakeven position" in the six months to December 31, 2018.

Medadvisor was up 0.1 cents or 3.1 percent to 3.3 cents with one million shares traded.

CRESO PHARMA

Creso says its \$1 million share purchase plan has closed oversubscribed with applications for \$4.1 million in shares.

Creso said that there would be a scale-back of shares in the plan.

In March, Creso said it raised \$8 million in "a heavily oversubscribed placement" at 69 cents a share (BD: Mar 27, 2017).

Creso was up half a cent or 0.7 percent to 76.5 cents.

BIOTRON

Biotron says a second site at Chiang Mai has been initiated for its Bangkok, Thailand-based phase II study of BIT225 with combination anti-retroviral therapy for HIV-1.

Biotron said the multi-centre, randomized, placebo-controlled, double-blind study of BIT225 with the combination therapy Atripla would recruit treatment-naïve HIV-1 patients.

The company said that patients will receive Atripla, combining efavirenz with emtricitabine and tenofovir disoproxil fumarate, in addition to 12 weeks with BIT225 or placebo.

Biotron said that the trial would see nine-patients receive 100mg BIT225 once daily, or placebo, together with Atripla, followed by 27 patients to receive 200mg BIT225 once daily, or placebo, together with Atripla.

The company said that at the conclusion of the trial, patients would remain on combination anti-retroviral therapy as per standard treatment protocols.

Biotron said that screening and enrolment of patients for the 100mg cohort was underway in Bangkok, with results by October 2017.

Biotron was up 0.3 cents or 8.6 percent to 3.8 cents.

ANTEO DIAGNOSTICS

Anteo says it has filed its second patent application entitled 'Conductive Composites' for batteries and other energy related opportunities.

Anteo said it filed the application on March 29, 2017 under the Patent Co-operation Treaty.

The company said that the first energy patent filed last year "was directed at coatings that helped prevent fragmentation of new high performance battery materials under cycling stress" (BD: Apr 21, 2015; Apr 13, 2016).

Anteo said that the second patent related to the maintenance of tight conductive interfaces between the components that made up the active materials in the battery, with its coatings acting like a mixing enhancer to form a homogenous mixture of battery active materials.

The company said that the patent also covered the adhesion of such active materials to the current collector.

Anteo said that the three attributes of its binders and coatings, when acting synergistically, could provide cost-effective products for the development of high capacity, fast charging batteries with long cycle lives.

Anteo was up 0.2 cents or 6.1 percent to 3.5 cents with 2.9 million shares traded.

EPAT TECHNOLOGIES

Epat says it has demonstrated its Apple Iphone operating system mobile telephone application for pain detection at the Australian Pain Society meeting.

Epat said it was developing mobile medical applications intended to provide pain assessment for people unable to communicate verbally with their carers, using mobile telephone and computer tablet cameras to capture a brief video, analysed using facial recognition software to detect "micro-expressions" indicative of the presence of pain.

The company said the data was combined with other indicators of pain, such as vocalizations, behaviors and movements to calculate a pain severity score.

Epat said that Australian Pain Society's meeting at the Adelaide Convention Centre from April 9 to 12, 2017 in would host 800 pain specialists and it would demonstrate its application and "provide live demonstrations of its technology ... [which would] demonstrate proof-of-concept".

Epat fell 0.1 cents or three percent to 3.2 cents with 4.1 million shares traded.

MAYNE PHARMA GROUP

Yarra Funds Management has returned to its substantial shareholding in Mayne Pharma, with 79,169,806 shares or 5.2589 percent.

In March, Yarra Funds ceased its substantial shareholding in Mayne Pharma, selling 2,373,237 shares to 72,944,436 shares or 4.85 percent, saying the disposal was for no cost and was due to a "change in client investment mandate" having become substantial with 75,317,673 shares or 5.01 percent, four days earlier (BD: Mar 10, 14, 2017).

Today, Yarra funds that it bought and sold modest parcels of shares between March 16 and April 7, with the purchase of 5,359,834 shares at \$1.3717 on April 10, 2017.

Last week, Yarra Funds said co-holders included AA Australian Finco Pty Ltd, TA SP Australia Topco Pty Ltd and TA Universal Investment Holdings, with registered holders HSBC Custody Nominees, UBS Nominees, JP Morgan Chase Bank, State Street Australia, National Australia Bank, National Nominees, Invia Custodian, BNP Paribas, Citigroup and Northern Trust.

Mayne Pharma was up one cent or 0.7 percent to \$1.39 with 4.9 million shares traded.

ONCOSIL

The Brisbane-based Webinvest says it has reduced its holding in Oncosil from 30,600,000 shares (7.25%) to 28,600,000 (6.11%).

In the substantial shareholder notice, Webinvest director Otto Buttula said that he sold 2,000,000 shares for \$243,494 or 12.2 cents a share between July 25, 2016 and April 5, 2017 and was diluted in an issue of new shares.

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