Biotech Daily

Friday April 21, 2017

Daily news on ASX-listed biotechnology companies

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MARKET REPORT

The Australian stock market was up 0.56 percent on Friday April 21, 2017 with the ASX200 up 32.7 points to 5,854.1 points.

Sixteen of the Biotech Daily Top 40 stocks were up, 14 fell, six traded unchanged and four were untraded.

Starpharma was the best, up six cents or 8.8 percent to 74.5 cents with 945,829 shares traded.

IDT climbed 7.4 percent; Mesoblast improved 5.6 percent; Neuren and Sirtex were up more than four percent; Compumedics was up 3.3 percent; Benitec, Bionomics, Orthocell and Pro Medicus rose more than two percent; Acrux, Admedus, Atcor and Impedimed were up more than one percent; with Airxpanders, Cochlear, CSL and Nanosonics up by less than one percent.

Cellmid led the falls, down 0.2 cents or 6.7 percent to 2.8 cents with five million shares traded.

Avita fell five percent; Ellex and Polynovo lost more than four percent; Actinogen, Opthea, Prana and Prima lost more than three percent; Universal Biosensors, Uscom and Viralytics shed more than two percent; both Clinuvel and Reva were down 1.8 percent; with Medical Developments and Resmed down by less than one percent.

DR BOREHAM'S CRUCIBLE: OSPREY MEDICAL

By TIM BOREHAM

ASX Code: OSP

Market cap: $111 million

Share price: 43 cents

Shares on issue: 258 million CDIs

Chief executive officer: Mike McCormick

Board: John Erb (chairman), Mike McCormick, Andy Jane, Neville Mitchell, Dr Chris Nave, Brendan Case (Australian secretary)

Financials (March quarter 2017, compared with December quarter 2016): customer receipts $US291,000 (up 41%); net operating cash burn $US3.62 million (down 45%); cash $US18.17 million (down 17%); estimated current quarter cash burn $US4 million

Major shareholders: CM Capital (14.2%), JP Morgan Nominees (9.8%), HSBC Custody Nominees (7.6%), Citicorp Nominees (5.76%)

The first customers for Osprey's device to reduce the amount of x-ray contrast dye used in heart procedures are about to be offered the medical version of the Demtel steak knives: a free upgrade to a better product.

That's right, free for a limited time only. CALL NOW!!!

Actually, Osprey's hospital clients take a far more measured approach to new products and the same will apply to Osprey's Dyevert Plus which last month won US Food and Drug Administration approval.

They'll try before they buy, with a typical appraisal period of three to four months.

The hospitals we refer to are Osprey's initial buyers of Dyevert, a stent-type device that recovers a portion of the dye used in procedures such as cardiac surgery (stents and angiograms).

It is well known that the toxic dye can induce a kidney condition called contrast-induced nephropathy, with 25 percent of patients considered to be vulnerable.

Dyevert is a one-use consumable that sells for $US350. Dyevert Plus adds a monitoring screen (the size of an Ipad) that monitors the amount of dye going into the patients and (crucially) whether they have exceeded the allowable dose.

The monitor connects wirelessly to Dyevert.

The ‘Plus’ bit will be offered on a consignment basis to the existing Dyevert customers, which currently consist of 55 US hospitals.

“Dyevert is the workhorse,” says Osprey chief Mike McCormick. “Plus is the added feature reporting exactly what is going in to the patient.”

Osprey’s March quarter this week showed revenue climbed 41 percent to $US291,000 ($A386,681), the tenth consecutive quarter of growth.

For most of this time, the sales have come from a sole sales rep based in the San Antonio area of Texas.

That region has been profitable and now too is the Atlanta territory.

Osprey claims a 70 percent take-up of hospitals (16 out of 23) in the pilot San Antonio sales patch.

Overall, Dyevert unit sales grew by 28 percent to 812, compared with 636 units in the December quarter.

Given Osprey now has 19 representatives on the payroll nationally, revenue should be expected to grow exponentially, although the company says 70 percent of sales came from existing accounts.

Osprey already had European approval for Dyevert Plus, but as is the norm, will focus on the US.

Combined, seven million heart and leg (angiogram) procedures are carried out in the US and Western Europe annually. Of these, 1.3 million have dodgy kidneys.

In the US, this translates to an addressable market of 700,000 to 800,000 patients worth $US350 million a year.

Mr McCormick says the guidelines from bodies such as the American Heart Association stipulate the three measures to take to avoid kidney damage: screen the patient for renal function, hydrate them with an intravenous drip and use as little dye as possible.

“We are the only FDA assured product that can lower the use of dye,” Mr McCormick says.

Patient danger aside, there’s an offsetting cost benefit because the reduced dye usage saves an average $US50-75 per procedure.

Past woes:

In October 2015 Osprey reported embarrassing trial results that failed to demonstrate a reduced incidence of kidney damage, sending the shares down 72 percent in a one-day rout.

Mr McCormick argues the company met three out of five endpoints – dye savings (usage dropped by 15%), reduced reflux (a cause of increased dye usage) and no reduction in X-ray image quality.

There was an improvement in kidney function, but it was not “statistically powerful” and there were little or no hospital cost savings.

Mr McCormick says it is self-evident that reduced dye (contrast) use will reduce incidence of the condition: that’s why it’s called contrast-induced nephropathy.

We guess no mortal CIN was committed with the missed endpoints, then.

Given Dyevert already had FDA approval, the 578-patient, $5 million patient trial was to improve marketing claims only.

“I was surprised by the (share price) dip,” Mr McCormick says. “Maybe I didn’t do a very good job explaining it.”

Dr Boreham’s diagnosis:

With cash of $28 million and a $120 million market cap, Osprey is on the cusp of meaningful sales – and is also running out of excuses.

Osprey listed in 2012 after raising $20 million.

The shares have traded between 20 cents and 51 cents over the last year and Mr McCormick has no reservations about the Minnesota-based company’s decision to list down here.

“The Australian market has been very good to us, I have no complaints about it,” he says.

The March quarter sales suggest Osprey is indeed gaining meaningful traction for its product, which, by the way, was developed at Melbourne’s Alfred Hospital.

Disclosure: Dr Boreham is not a qualified medical practitioner and does not possess a doctorate of any sort. But he would like to think he possesses a ‘do or dye’ attitude.

ANTEO DIAGNOSTICS

Anteo says it has completed the first milestone with Deakin University and DMTC Ltd to develop Planet Innovation's Nplex low-cost, high-sensitivity, point-of-care diagnostics.
Last year, Anteo said that Planet Innovation, Deakin University and the Defence Materials Technology Centre Medical Countermeasures Program were funding the development of the Nplex point-of-care platform (BD: Nov 11, 2016).
Today, Anteo said that it had established, optimized and verified a model lateral flow system for the nominated target assay using its Mix&Go molecular glue.
The company said that using the model lateral flow system, it had matched and possibly exceeded sensitivity benchmarks developed by a US-based assay development company.
Anteo said it had started on its second milestone, which was focused on building further robustness and reproducibility of its conjugates while progressively driving for maximum achievable assay sensitivity, which was expected to be completed by October 2017.
Anteo head of research and development Charlie Huang said that the company "expects to provide the partnership with a robust technical and commercial solution that can be applied to many different assays and not just the target assay currently being investigated".
DMTC chief executive officer Mark Hodge told Biotech Daily that the research would be conducted under the auspices of the Melbourne-based not-for-profit Defence Materials Technology Centre, through the DMTC Medical Countermeasures program.
Nplex managing director Dr Sacha Dopheide said that the "first-pass optimization indicates that Anteo's conjugate and assay chemistry is performing above expectations with a respectable signal to noise ratio".
"We are encouraged by the results on milestone one and look forward to seeing where Anteo can take their technology in this project," Dr Dopheide said.
"Anteo has a vision to provide functional nanometre-thin coatings and binders across multiple industries and applications," Dr Dopheide said.
Anteo was up 0.1 cents or 2.9 percent to 3.5 cents.

UNIQUEST

Uniquest says it has a research agreement with the Vancouver, British Columbia-based Preveceutical Medical to develop therapeutic peptides from scorpion venom.
Uniquest said that research and option agreement with Uniquest, the University of Queensland's commercialization arm, to develop stabilized natural and synthetic peptides from scorpion venom for immune-boosting applications.
The company said that Preveceutical had an interest in the preventative health sector and was developing products derived from Caribbean Blue Scorpion Venom for the food additive and pharmaceutical market, including the "CellB9 Immune System Booster" product, which contained peptides from the Caribbean Blue Scorpion.
Uniquest said that Preveceutical aimed to identify the active peptides that provided immune-boosting and tumor-selective painting properties, develop synthetic versions of the active peptides and ultimately identify other therapeutic applications.
Uniquest chief executive officer Dr Dean Moss said the project was based on the research of the University of Queensland School of Pharmacy's Dr Harendra Parekh who would work with Preveceutical.
Uniquest said that Preveceutical had an option to negotiate a licence to its intellectual property for the commercialization of blue scorpion venom-derived products, but the commercial terms of the agreement were not disclosed.

SIRTEX MEDICAL

Sirtex has requested a trading halt pending the presentation of the Sarah trial results at the European Association for the Study of the Liver meeting on April 22, 2017.
Sirtex said that the abstract release, presentation and associated clinical discussions, at the International Liver Congress meeting in Amsterdam, the Netherlands, were "expected to yield important new information on the Sarah study and interpretation of its findings".
In 2015, Sirtex said it had completed recruitment of the 400 patients in the French sorafenib versus radio-embolization in advanced hepatocellular carcinoma (Sarah) trial (BD: Mar 5, 2015)
Trading will resume on April 26, 2017 or on an earlier announcement.
Sirtex last traded up 68 cents or 4.2 percent to $17.00 at 1.24pm.
The trading halt was called at 1.33pm.
No one from the company was available to respond to questions from Biotech Daily.

NEUROTECH INTERNATIONAL

Neurotech says it will release 699,000 shares from escrow on May 9, 2017.
According to its restricted securities statement filed on listing last year, Neurotech has 58,849,054 shares available for trading, implying 59,548,054 shares available for trading following the May 9 escrow release, with a further 28,487,058 shares in ASX escrow until November 4, 2018 (BD: Nov 4, 2016).
Neurotech fell three cents or 11.1 percent to 24 cents.

PHOSPHAGENICS

Phosphagenics says director Dr Greg Collier will replace Peter Lankau as the company's chairman with Mr Lankau continuing as a director.
Phosphagenics said that Dr Collier was appointed as a director in 2015 and had more than 20 years' experience in the biotechnology industry as chief executive officer of Chemgenex and executive chairman of Invion.
The company said that Dr Collier had experience in pre-clinical and clinical drug development as well as extensive experience in commercialization, strategic planning, deal negotiation and transactions, including the sale of Chemgenex to Cephalon, later Teva, for more than $200 million (BD: Oct 22, 2010; May 3, Jun 1, 2011).
Phosphagenics said that prior to commercial biotechnology, Dr Collier was the inaugural Alfred Deakin chair at the Geelong, Victoria-based Deakin University and had contributed to more than 150 peer-reviewed articles and 33 patents.
In 2010 Dr Collier was awarded the Roche Award of Excellence for his contribution to the biotechnology industry.
Dr Collier told Biotech Daily that he completed a Bachelor of Science at the University of Melbourne and a Doctorate of Philosophy at Melbourne's Monash University.
Phosphagenics fell 0.1 cents or 5.9 percent to 1.6 cents.