



Biotech Daily

Thursday April 27, 2017

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH UP: PSIVIDA UP 13%; AVITA DOWN 4%**
- * **CANN GROUP IPO RAISES \$13.5m FOR MEDICAL MARIJUANA**
- * **MEDICAL DEVELOPMENTS ASTHMA SPACERS IN 10k US OUTLETS**
- * **OBJ SIGNS NEW PROCTER & GAMBLE TECHNOLOGY DEAL**
- * **UNIVERSAL BIOSENSORS REVENUE UP, '2017 CASH FLOW POSITIVE'**
- * **FDA CLEARS IDT PINDOLOL FOR US LAUNCH**
- * **HUNTER HALL REDUCES TO 16.5% OF AVITA**
- * **FIL TAKES 9% OF IMPEDIMED**
- * **JK, KIM HOGAN TAKE 6.5% IN ACTINOGEN**
- * **RAYMOND TING REPLACES CELLMID CO SEC ALICESON ROURKE**

MARKET REPORT

The Australian stock market edged up 0.16 percent on Thursday April 27, 2017 with the ASX200 up 9.5 points to 5,921.5 points.

Eighteen of the Biotech Daily Top 40 stocks were up, seven fell, 11 traded unchanged and four were untraded. All three Big Caps were up.

Psivida was the best, up 30 cents or 13.0 percent to \$2.60 with 653 shares traded, followed by Actinogen up 10.3 percent to 8.6 cents with 1.5 million shares traded.

Benitec climbed 8.6 percent; Airxpanders and Compumedics rose more than four percent; IDT, Medical Developments, Orthocell and Universal Biosensors were up more than three percent; ITL, Mesoblast, Neuren, Osprey, Resmed and Sirtex were up more than one percent; with Clinuvel, Cochlear, CSL, Nanosonics, Pro Medicus and Viralytics up by less than one percent.

Avita led the falls, down 0.4 cents or 4.4 percent to 8.6 cents with 1.6 million shares traded.

Impedimed lost 3.3 percent; Bionomics shed 2.8 percent; Opthea and Reva were down one percent or more; with Cyclopharm and Starpharma down by less than one percent.

CANN GROUP

Melbourne's Cann Group says it easily raised a fully underwritten \$13.5 million at 30 cents a share to list on the ASX to grow and develop medical marijuana.

Cann chairman Allan McCallum told Biotech Daily there was significant interest in the company and he looked forward to listing under the ASX code of CAN on Wednesday May 3, 2017.

In its prospectus Cann Group said the capital raising was underwritten by Cannacord Genuity and PAC Partners.

The prospectus said that along with Mr McCallum, the directors included music industry entrepreneur Philip Jacobsen, Doug Rathbone and Geoff Pearce, with Peter Crock as chief executive officer.

The company said that along with the 45,000,000 shares issued in the public offer, there were 53,473,336 existing shares, 2,700,000 shares for the underwriters in lieu of cash payment and a further 7,180,000 class B "performance" shares, giving a total of 108,353,336 shares and an implied market capitalization of \$32.5 million.

In February, the then public unlisted Cann Group said it had the first Australian Office of Drug Control licence to grow medicinal cannabis ((BD: Feb 21, 2017).

Cann said the Federal Office of Drug Control research licence allowed it to cultivate cannabis and conduct research on the use of cannabis for medicinal purposes, and it had submitted an application for a cultivation licence which was expected in the near future.

The company said its research and development facilities had operated under an authority for low-tetrahydrocannabinol (low-THC) from the Victoria Government, authorizing cultivation of low-THC cannabis for research and non-therapeutic purposes.

Cann said the research program had focused on evaluating optimal conditions, processes and equipment for cultivating cannabis.

Mr McCallum said that receiving the first Federal Government research licence "validates the significant investment made by the company in establishing facilities and protocols that meet the strict criteria required for a licence approval".

Cann said its objective was to be recognized as the leading developer and supplier of regulated medicinal cannabis in Australia.

MEDICAL DEVELOPMENTS INTERNATIONAL

Medical Developments says it has "ranging" deals with Costco, Price Chopper and Independent Pharmacy Co-Op for its asthma spacers in the US.

Medical Developments said that Costco stores and Independent Pharmacy Co-Op had placed their first orders for the compact anti-static space chamber respiratory devices and received stock in April, while Price Chopper had placed orders for delivery in May.

The company said that Costco owned and operated 500 shops in the US and the Independent Pharmacy Co-Op supplied more than 3,000 US pharmacies, while Price Chopper owned and operated 88 pharmacies in the North East of the US.

Medical Developments chief executive officer John Sharman said the company had been "working towards securing ranging deals from a large number of US pharmacy retail chains for more than a year".

"Having secured supply to Walmart and Kmart as previously announced, we are delighted with the addition of Costco, Price Chopper and Independent Pharmacy Co-Op," Mr Sharman said. "Our focus remains on getting more deals done with the other large retail pharmacy chains across the US".

He said the respiratory devices were available in more than 10,000 US pharmacies.

Medical Developments was up 16 cents or 3.4 percent to \$4.91.

OBJ

OBJ says it has signed a new agreement with Procter & Gamble for the rights to another technology platform, with upfront fees and royalties.

OBJ managing director Jeffrey Edwards said the precise technology was confidential but it was based on the company's magnetic, enhanced skin penetration technology.

In 2012, OBJ made a similarly opaque announcement about a multi-product development agreement with Procter and Gamble to investigate its magnetic transdermal technologies and since 2014 has detailed a range of cosmetic products developed with Procter & Gamble (BD: May 21, Dec 7, 2012; Sep 30, 2014; Jul 14, 2015; May 6, 27, Sep 2, 2016).

Today, the company said the agreement would be in two stages, the first focusing on consumer responses to the technology and the second incorporating those responses.

OBJ said that Procter & Gamble would pay upfront and standstill licence and royalty fees during the initial agreement, including the delivery of advanced units containing the technology to be used in consumer trials to define the end-product designs in the second stage, which would lead to a program of new products using the new OBJ technology.

The company said that Procter & Gamble recognized that the new technology platform had been developed to an advanced state over a number of years and required an appropriate licence fee structure.

OBJ said the adoption of the technology by Procter & Gamble had "the potential to change the manner in which customers interact with multiple consumer products".

OBJ said that Procter & Gamble would pay for the costs and any out of pocket expenses incurred during the term of the agreement and retain exclusive rights to the technology in their market space.

OBJ was up half a cent or 7.5 percent to 7.2 cents with 1.1 million shares traded.

UNIVERSAL BIOSENSORS

Universal Biosensors says that revenue for the three months to March 31, 2017 was up 55.6 percent to \$7,933,469 compared to the prior corresponding period.

Universal Biosensors chief financial officer Saleshe Balak told Biotech Daily that for the full financial year to December 31, 2017 the company expected to be cash flow positive, as it was for the 12 months to December 31, 2016.

Mr Balak said that quarterly service fees from Johnson & Johnson Lifescan had been booked in the three months to March 31, but would be received in the current quarter.

In its Appendix 4C quarterly report the company said that service fees from sales of Lifescan's blood glucose test strips were up 38 percent to \$6.78 million with product revenue from the manufacture of the Siemens Xprecia Stride PT-INR blood coagulation test strips up 375 percent to \$872,000, compared to the three months to March 31, 2016.

In its US Securities and Exchange Commission 10-Q form the company said the performance was driven by growth in both lead products and the increase in quarterly service fees "reflects the on-going market penetration and market share gains being achieved by Lifescan's Onetouch Verio device".

Universal Biosensors said it recorded its first revenue from Hemostasis Reference Laboratory, a provider of coagulation testing and calibration services it acquired last year to give greater control over its coagulation strip production as it increased volumes to meet expected demand from Siemens during 2017 (BD: Dec 19, 2016).

The company said that expenses for the three months to March 31, 2017 were down 35 percent compared to the previous corresponding quarter, "largely due to a significant reduction in [research and development] expenditure".

Universal Biosensors was up 1.5 cents or 3.3 percent to 46.5 cents.

IDT AUSTRALIA

IDT says the US Food and Drug Administration has affirmed the technology transfer of 5mg and 10mg pindolol tablets for hypertension, clearing the path for a US launch. IDT said the US market for the pindolol beta-blocker was about \$US10 million a year and ANI Pharmaceuticals would conduct a US launch “in the coming weeks”. IDT managing director Dr Paul MacLeman said the approval was “a significant milestone for IDT and the ANI IDT partnership” with pindolol the first of its acquired generic drug products to be re-launched into the US. IDT was up half a cent or 3.7 percent to 14 cents.

AVITA MEDICAL

Hunter Hall Investment Management says it has further reduced its substantial shareholding in Avita from 111,311,698 shares (16.54%) to 103,470,123 (15.38%). Hunter Hall said that from March 9 to April 21, 2017 it sold 7,841,575 shares with the single largest sale 820,470 shares for \$78,352 or 9.5 cents a share. Avita fell 0.4 cents or 4.4 percent to 8.6 cents with 1.6 million shares traded.

IMPEDIMED

The Singapore-based FIL Limited says it has increased its substantial shareholding in Impedimed from 30,920,035 shares (8.29%) to 34,868,096 shares (9.29%). FIL said it bought shares between May 25, 2016 and April 21, 2017, at prices ranging from 72 cents to \$1.76. Impedimed fell 2.5 cents or 3.3 percent to 72.5 cents.

ACTINOGEN

The Perth, Western Australia-based JK Nominees says it has returned to a substantial holding in Actinogen with 40,000,000 shares or 6.48 percent. Last year, Kim Hogan for JK Nominees said he had reduced below the five percent substantial holding in Actinogen, selling 2,500,000 shares for \$163,500 or 6.5 cents a share on October 2, 2016, having previously held 34,717,184 shares or 5.8 percent in 2015 (BD: Apr 28, 2015; Oct 14, 2016). Today, Mr Hogan said that JK Nominees acquired 10,000,000 shares through the exercise of options on April 21, 2017 for \$200,000 or two cents a share. Actinogen was up 0.8 cents or 10.3 percent to 8.6 cents with 1.5 million shares traded.

CELLMID

Cellmid says that Raymond Ting will replace Aliceson Rourke as company secretary, effective from May 1, 2017. Cellmid said that Mr Ting joined the company this month and previously held accounting roles in ASX-listed companies. Cellmid was unchanged at 2.9 cents.