



Biotech Daily

Wednesday July 26, 2017

Daily news on ASX-listed biotechnology companies

- * **ASX UP, BIOTECH DOWN: AIRXPANDERS UP 10%, DIMERIX DOWN 8%**
- * **ACRUX LILLY AXIRON SALES FALL 10% TO \$180m, Q4 UP 19%**
- * **ADMEDUS SALES REVENUE UP 56% TO \$22m, FINANCIAL YEAR CHANGE**
- * **REGENEUS PROGENZA LICENCE TAKES REVENUE TO \$10m**
- * **GI DYNAMICS HIRES PROVEN PROCESS ENDOBARRIER MANUFACTURER**
- * **COGSTATE REQUESTS 'COGNIGRAM FDA SUBMISSION' TRADING HALT**
- * **CRESO PHARMA REQUESTS 'CANADA ACQUISITION' HALT**
- * **BLACKROCK TAKES 7% OF COCHLEAR**
- * **JCP INCREASES TO 8.4% OF NANOSONICS**
- * **FIL TAKES 8% OF FACTOR THERAPEUTICS**
- * **BLUECHIIP APPOINTS ANDREW COX DIRECTOR**

MARKET REPORT

The Australian stock market climbed 0.87 percent on Wednesday July 26, 2017 with the ASX200 up 50.0 points to 5,776.6 points.

Eight of the Biotech Daily Top 40 stocks were up, 17 fell, 13 traded unchanged and two were untraded. All three Big Caps were up.

Airxpanders was best on a quarterly report showing increased sales, up 6.5 cents or 10.4 percent to 69 cents, with 1.5 million shares traded. Acrux and Ellex climbed more than five percent; Uscom rose 2.9 percent; Factor Therapeutics, CSL, Pharmaxis and Starpharma were up more than one percent; with Cochlear, Nanosonics and Resmed up by less than one percent.

Dimerix led the falls, down 0.1 cents or 8.3 percent to 1.1 cents with 17.2 million shares traded. ITL lost seven percent; Actinogen and Osprey were down five percent or more; LBT fell 4.4 percent; Admedus was down 3.6 percent; Atcor shed two percent; Clinuvel, Mesoblast, Neuren, Opthea, Oncosil, Orthocell and Viralytics were down more than one percent; with Impedimed, Medical Developments and Sirtex down by less than one percent.

ACRUX

Acrux says that Eli Lilly's Axiron sales revenue fell 4.2 percent to \$US143.0 million (\$A180.4 million) for the 12 months to June 30, 2017, compared to June 30, 2015. In Australian dollar terms, the 12 month fall was 9.5 percent from \$199.4 million to \$180.4 million.

For the three months to June 30, 2017, sales revenue climbed 25.6 percent to \$US36.8 million (\$A46.4 million) from \$US29.3 million for the three months to June 30, 2016, a 19.0 percent increase in Australian dollar terms.

In 2014, Acrux said the US Food and Drug Administration was investigating cardiovascular risks in men taking approved testosterone products, which impacted on sales and earlier this month, the company said Axiron was facing competition from a generic as well as benefitting from an Eli Lilly authorized generic (BD: Feb 4, 2014; Jul 6, 2017). Acrux was up 1.5 cents or 5.2 percent to 30.5 cents.

GI DYNAMICS

GI Dynamics says it has appointed Proven Process Medical Devices as its Endobarrier contract manufacturing partner.

GI Dynamics said that the Mansfield, Massachusetts-based Proven Process was "one of the nation's leading designers and manufacturers of class II and class III medical devices". The company said that Proven Process combined research and development with design, process and quality controls for product development and manufacturing.

GI Dynamics said Proven Process had "deep experience in the medical device field and ability to support production of implantable medical device technology".

The company's 500-patient pivotal trial was terminated following seven cases of liver abscesses, said to be caused by a higher dose of proton pump inhibitors reducing stomach acid levels and allow bacterial infection to enter through the hooks used to anchor the Endobarrier duodenal liner to the stomach (BD: Jul 30, 31, 2015).

Today, GI Dynamics did not say whether this issue of the hooks had been addressed.

GI Dynamics chief executive officer Scott Schorer said the company had been working towards the transfer of manufacturing to Proven Process for 18 months and expected the contract manufacturer would "manufacture Endobarrier to the highest quality and in a tightly cost-contained manner".

"The implementation of our contract manufacturing partnership is another critical action as we move to make Endobarrier available around the world for patients suffering from type 2 diabetes and obesity," Mr Schorer said.

GI Dynamics fell one cent or 16.7 percent to five cents.

ADMEDUS

Admedus says that sales revenue for the 12 months to June 30, 2016 was up 56.0 percent to \$22.0 million.

Admedus said it had sales increases for its Adapt Cardiocel and Vascucel products as well as its infusion sets business.

The company said it intended to change its financial year from June 30 to December 31, effective from January 1, 2018 to more closely align its reporting period with its business sales cycles, "assisting with forecasting, cash flow management and investment decisions", pending regulatory approvals.

Admedus fell one cent or 3.6 percent to 27 cents.

REGENEUS

Regeneus says that revenue, primarily in licence fees and milestones, for the 12 months to June 30, 2017 amounted to \$10,123,000.

Regeneus said that licence fees from Tokyo's AGC Asahi Glass in relation to Progenza for knee osteoarthritis was \$8.9 million, with further milestone payments expected (BD: May 22, Jun 21, 2017).

Regeneus was up one cent or 9.1 percent to 12 cents.

COGSTATE

Cogstate has requested a trading halt "pending an announcement ... in connection with its 510(k) submission to the US Food and Drug Administration for [its] Cognigram system".

Trading will resume on July 28, 2017 or on an earlier announcement.

Cogstate last traded at \$1.05.

CRESO PHARMA

Creso has requested a trading halt "pending an announcement in relation to a material acquisition in Canada".

Trading will resume on July 28, 2017, or on an earlier announcement.

Creso last traded at 55 cents.

COCHLEAR

Blackrock Investment Management has increased its substantial shareholding in Cochlear from 3,524,456 shares (6.13%) to 4,116,410 shares (7.16%).

Blackrock said that between May 11 and July 24, 2017 it bought shares in more than 940 trades at prices ranging from \$141.00 to \$159.94 and said the registered holders included Bank of New York Mellon, JP Morgan Chase, State Street Bank New York and Singapore, Northern Trust UK, RBC Dexia, UBS Zurich, Citigroup, BNP Paribas, Bank of America Merrill Lynch, Goldman Sachs, Morgan Stanley, National Australia Bank and HSBC.

Cochlear was up one cent or 0.01 percent to \$152.52 with 103,256 shares traded.

NANOSONICS

JCP Investment Partners says it has increased its substantial shareholding in Nanosonics from 21,829,258 shares (7.33%) to 25,005,980 shares (8.40%).

In March, JCP said that between June 15 and July 26, 2017 it bought 3,176,722 shares for \$7,652,326 or an average price of \$2.41 a share.

JCP said its shares were held by National Nominees, HSBC Custody Nominees, BNP Paribas Nominees, JP Morgan Nominees and UBS Nominees.

Nanosonics was up two cents or 0.85 percent to \$2.36 with 564,307 shares traded.

FACTOR THERAPEUTICS

The Hong Kong-based FIL says it has increased its substantial shareholding in Factor Therapeutics from 46,072,748 shares (6.31%) to 56,572,748 shares (7.75%).

The substantial shareholder notice said that FIL bought 10,500,000 shares between July 13 and 21, 2017 at seven cents a share.

Factor was up 0.1 cents or 1.6 percent to 6.5 cents.

BLUECHIIP

Bluechiip says it has appointed Andrew Cox as a non-executive director, effective immediately.

Bluechiip said that Mr Cox was a finance professional with experience in emerging and international markets and was a co-founder and former chairman of media and technology business Inlink and a co-founder of Rezex Pty Ltd and Xperior Pty Ltd.

The company said Mr Cox worked for KPMG in Melbourne before moving to China and Hong Kong, where he was employed by SG Warburg, the Australian Trade Commission and Ernst & Young and Mr Cox was fluent in Mandarin Chinese.

Bluechiip chief executive officer Andrew McLellan told Biotech Daily that Mr Cox's Chinese language skills "will be valuable as Bluechiip expands and progresses partnerships including the Chinese Center for Disease Control who already have Bluechiip systems".

Mr Cox holds a Bachelor of Commerce from the University of Melbourne and a Master of Business Administration from the Lausanne, Switzerland-based International Institute for Management Development.

Bluechiip was up 0.2 cents or 6.25 percent to 3.4 cents.